

OBSERVATIONS
ON
THE FUNDAMENTAL PRINCIPLES
OF
MONETÈRY CIRCULATION;

AND
THE NECESSITY FOR
A NATIONAL DEPOSIT BANK OF ISSUE.

BY
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FIFTH EDITION.  
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THIS FIFTH EDITION
OF THE FOLLOWING ESSAY
ON
MONETARY CIRCULATION,
Is Respectfully Dedicated
BY THE AUTHOR,
To
SIR JOHN MAXWELL, BARONET
OF POLLOCK,

IN CONSIDERATION OF HIS ENCOMIUMS ON THE ORIGINAL EDITION, AND THE GREAT
ENCOURAGEMENT HE HAS SO NOBLY, AND SO LONG GIVEN TO
WHATEVER IS CALCULATED TO ADVANCE THE
INTEREST OF HIS COUNTRY, AND
THE GOOD OF MANKIND.

THE
FUNDAMENTAL PRINCIPLES
OF
MONETÈRY CIRCULTION.

"This is not the cause of faction or of party, but the common interest of every man in Britain."—JUNIUS.

GREAT truths, which have been apparently long shrouded under metaphysical obscurities, and which are seemingly opposed to the usages and interests of men, have come to light, and oftentimes been made impressible, by remarkable facts beyond the reach of cavilling, or of any discoverable connecting chain of causation, and also beyond the internal evidence of fitness perceptible in their several principles. There is but one way of accounting for this: that in such manner Divine power is still pleased to manifest its supremacy, least otherwise the vanity of human nature might be disposed to claim them as discoveries due to its own faculty of perception, or would wholly reject them, because of the despicable channel through which their conception arose. Faith in this postulate is as much removed from superstition, as the belief that a mission, which was to be for salvation to the ends of the earth, behoved to be cradled in a manger, and

to appearance, terminate in the ignominious death and entombment of its Author. There are truths above the discovery of human reason, and which when revealed, reason comprehends; and there are also those which, when revealed, are above its comprehension, although their utility may be perceptible enough, generally the nature of evidence should be adapted to the subject. What is here adduced remains in the power of anybody to examine, and that it has been overlooked hitherto is not more extraordinary than the fact, that the very article which, from the dawn of civilization, has been the spur to human action, research, or labour, and which men have compassed sea and land in pursuit of, for ages, should in these days be found abundantly for the mere gathering of it, at the opposite extremities of the globe, where the feet of civilized men had never before trode; and consequently, now more than ever, the question which forms the theme of this brochure, "what constitutes the best principle of monetèry circulation," involves an inquiry of vast and commanding importance; and the fame of discovering the antecedent elements whereon the currency should repose or rest, has stimulated many presumptuous professors of imperfect and impracticable systems—persons who have shown an utter ignorance of the orthography of the term by which it is usually named, and who either have not known, or have not dared to evince the real point wherein the existing circulation is chiefly objectionable and defective. But whether the proper monetèry system shall be taught us by the *monetary* method, or not, the honour of expiscating the perfect principle is still in reservation if not herewith done, and the discovery will, doubtless, be accompanied by a permanent improvement of the moral, as well as the physical state of mankind throughout the whole earth. For what is

there, in the mundane condition of the human race, which this matter does not, has not, and may not influence, throughout all time? Verily, there is nothing else so universally pervading, save the air we breathe, so essential to, and yet so irrespective of all climes, of all forms of government, and of all creeds, as the currency; and if ever the Millennial age shall dawn on our world, it will as unquestionably be ushered in with such a system of perfection in the measure of value, and medium of exchange among the nations, as will prove evidently to the sceptical, or the most obtusely covetous and tyrannical of rulers and powers, that its establishment and operation, shall be transcendently the simplest means of recruiting an empty exchequer, and of true amelioration to every people. Although the subject of this dissertation is not that of revenue, so much as the consideration of the right basement principle of monetèry circulation, most equitable and immutable, it will appear in conclusion, that the lesson given above 1800 years ago by the Divine Teacher of mankind, when required to pay tribute, indicated a latent source of voluntary revenue, far transcending the wants, the purposes and expectations, of any administration from that day to this. Let statesmen look to it therefore. Its comprehension was reserved for an age in which the powers of the unseen Creation are being brought to bear on the better purposes of man; not like the idea of an excise on spirituous liquors, engrafted on a low propensity, to be dissipated in useless wars and conquests. But whilst that one disposition has precursory shown what may be effected, upon a partial and execrable inclination, another and a wider—nobler tendency—the reasonable desire of possessing means to an end, which is universal, and inborn in every bosom, and its gratification enjoined in every page of the sacred volume, its denial

constituting the burden of the final indictment, (because an evasion of a Divine ordainment,) is found at length reducible to a practical principle of political economy, and of incalculable unfailing revenue, irrespective of taxation, to every community adopting it, and to all generations to come. The distinguishing terrene characteristic of the blessed period referred to, which Christians all profess to believe will yet arrive, is, that every one shall sit down under his own fig-tree and vine, having none to make them afraid; for which we have the sure word of prophecy, that the pecuniary condition of the whole human family will yet be pre-eminently remarkable, by the possession of a satisfying and righteous portion of property, in every material thing which can make the present life agreeable, throughout all the variety of climate, condition, or occupation in which any of us may be placed. Although it has never been so much as once conceived, that the means to this end might spring from a general reformation of the principles in monetèry circulation, yet it is very probable, that the end may be accomplished preliminarily therewith, rather than by the supreme dominancy of any one form of Christian worship, or Church government over all the rest as many suppose—the office of the currency and of the Christian ministry being professedly to harmonize in elevating the condition of humanity. Christianity not only unfolds the most perfect system of political economy for all, but in this also publishes to the world its celestial origin. And if the researches of good and learned men, both lay and clerical, be of any acceptance upon Scripture testimony, we must feel some cheering anticipations, that although the present age be hitherto only distinguished for its vast improvements in physical science, there is a period at hand which shall still more remarkably signalise our own day, as the

spring-time of a moral renovation, the like of which the past annals of the world have never recorded.

The writer of this Essay long ago perceived the fallaciousness of maintaining a standard of value in a commodity, and also discerned the great want of equity in the existing paper currency of nations; to shew which, and to point out the true principle on which the medium should be based, is the purport of this treatise, and he hopes to prove, that whilst the principles he has to unfold are those of infallible justice and rectitude, their developement must necessarily be followed by their recognition as a consequence, and forced upon the most obdurate of all authorities, or their abnegation become the source of many a public and private calamity; but their superexcellence as machinery for the aquirement of whatever is valuable in society, will be obvious more and more, as they receive disquisition by the public; for as well might it be possible to govern nations peaceably, by continuing to uphold an unjust system of weights and measures—which is really the effect of the prevailing practice—as to imagine that the definitions promulgated in these pages shall be always neglected. Sooner will the ocean tides be stayed, than the onus of misrule fail of hereafter implicating those, who having the power, and being proffered the knowledge of what is fitting to be done, shall neglect to ordain it, preferring to pass life away *enfaineant*, without meriting the fame, or avoiding the reproach which after generations shall award to him, who, availing himself of a high ministerial position, either became the leader in the emancipation of a world, from the rivets of an inexplicable bondage suffered for ages, or the betrayer of his country, giving the precedence of these glorious principles to some kindred nation, which will more readily manifest their worth. We are led to

think so, because no people, whose medium of exchange consists in a metallic standard of value, a mere commodity, can for any length of time, pursue an even career of national prosperity, the precious metals being of uncertain attainment, of variable estimation, and uncontrollable by any finite government, "material nature owns another lord"; nor if the chief paper currency be other than national, the emanation of a National Deposit Bank; and when and wheresoever this becomes the case, it will be immaterial whether the circulating medium thereafter bears any immediate reference to the price of the precious metals, although a coinage will always be convenient for fractional use. But what is requisite in this: to dissever the integral computing medium in its parentage and birth from all insubstantial simulation, and to render it the quintessence of acquired adjudicated value between man and man, in those everyday transactions which pass irrevocably, affording a gauge and equivalent of value for everything, as occasions for transferences arise. If the great amount of the currency were in the certificates of a National Deposit Bank, this would be attained, such vouchers representing unite integers or their multiples, would then operate for the advantage of all, without any party again experiencing the evils arising from an impotent semblance of a standard of immutable value, even though made of Gold, or from another evil of great magnitude, now prevailing through the issues of Joint Stock Banks, by which the domestic exchanges, or relative values are sadly deranged, and much which is imputed to the derangement of the foreign exchanges, being in fact occasioned by an inequality of value, engendered in the mere mode of paper circulation, having no relation whatsoever to the oscillation in the price of bullion, or the foreign exchanges; neither to the distressing conse-

quences of a contraction or extension of the circulation, through its present subordination to the price of gold, nor even to the cupidity of its issuers taking advantage of the public requirement, by thereupon openly varying the price of accommodation, nor by unlooked-for expansions and contractions caused for such a purpose—devices which have all been unscrupulously adopted in times past, by those who make it their business to supply a regal omission. Nevertheless it is maintained, that the chief evil suffered, proceeds from an inequality, or undue power in the Joint Stock Bank issues, considered relatively, as respects the public recipients, and the issuers or shareholders. Compared with which, the fluctuation in discounts and interest is a minor ill; the latter is manifest, the other is not so evident; and therefore, this asserted difference is still a subject of denial and much controversy. However, both are maladies happily remediable, without infringement upon the very interest they now so exclusively and so unjustly promote; that is, if we grant that a general impulse to individual industry be productive of benefit to commerce generally, the remedy to the evil—supposing it does really exist, of which there cannot be a doubt—should therefore disarm opposition from the worshippers of Cræsus. To have detected the nature of the disease, and ascertained its remedy, it behoved, that whoever might be called to the task, or to undertake the reformation, should be one whose condition of abject poverty or vast affluence, placed him beyond the arrows of the party to be assailed, and which exercised the injustice; one, *who was practically familiar with the operations of banking*—one, who had studied society in its various grades and conditions—who had compared the past with the present state of the people, and had maturely analysed the opinions of others on the subject, either published

or spoken, error avowedly being most subtle, when propagated under the specious form of a design to diffuse the truth, and the more difficult to confute. All that experience the author of this Essay has had; and the accumulation of years have been added to his early experiences and convictions of the efficacy of those simple principles he is now unfolding.

It is about forty years since he became first impressed with this great subject, and received his mission, whilst engaged in conducting the bank-note department in an eminent banking house in Edinburgh, which acted as metropolitan agent for above half the country banks then existing in Scotland, and in the north of England and Ireland. It was whilst contemplating the immense sums of the circulating medium of these banks, which were brought continually before him for arrangement, that his mind became engrossed with the consideration of their nature or quality, and that such would be his occupation, and that he was destined to fill a responsible place in monetèry concerns, was early in life predicated of him, at least predetermined for him. This he may be allowed to state, as it bears a relation to the opinions he has to offer on this subject, and may serve as a proof that these opinions upon the currency are devoid of presumption, and deserving of attention; for, independently of their intrinsic value, they appear to proceed from a higher source of intelligence than his own feeble faculties can affiliate, or lay claim to, but of which in this matter he is the mere exponent of a question hitherto incomprehensible to the highest human geniuses. By this course of explanation, it will be apparent, that the point we have arrived at in legislating on the subject, bears a close and graduating affinity to the views which the writer put forth in former essays thereon; and that it is imputable to the careful,

cautious timidity, or tampering policy of our statesmen that the system now reiterated, as at the beginning was only assented to in part, in 1844, a dislocated fragment, pointing evidently to this exposition of the subject; for what else could have occasioned so eccentric an act, preventive of any further banks of issue, so arbitrary and so monopolising to the existing banks. To this hour, neither the press nor the public have been able to assign a cause for that enactment, which was founded upon a mere resolution or acquiescence of the House of Commons, after a committee of four years' duration had declared its incapacity to understand the matter of inquiry, or to report thereon. Since then, another committee of similar consistency has, for several sessions, been hatching a report on the inequalities of the income tax, and the fact turns out, and the committee may know it, that the very chairman of the committee who moved that inquiry, is one of a rich and numerous class in the state; who, by the prevailing mode of monetary circulation, unknowingly perhaps to themselves, evade the payment of any taxes whatsoever, towards the support of the public debt!* It is as well to state this now, since what will belong to history needs no concealment.

That our chief currency, as hitherto constituted, is not, and never can be rendered, a suitable or perfectly equitable medium of exchange, is incredible to most persons,—meaning the currency of commercial banks. Yet such is the case, even however safe it may be, whether redeemable on demand at a fixed price, or convertible at the market price of gold; and that single act of 1844, though but the fragment of a system, on examination will hereafter testify to it. The then prime minister knew this

* The late Mr. Hume was, for a number of years, one of the extraordinary directors in the company styled the National Bank of Scotland.

much, and it will yet appear he was actuated by the best of motives in its production, that the public good was his reason of action,—the palliation of his timidity or shortcoming,—in not introducing the whole system, but taking his own way, being, that the least false step in a matter of the kind, would be attended with more direful consequences than changes in other things, however so radical; and the time has now come, when that system must be adopted entire, for good reasons, and without farther hesitation. The author disclaims all intention of disparaging the great combined monetèry associations established for the ostensible promotion of commercial enterprise; they might not have otherwise existed than as they arose; they are requisite, and they may be estimable in their way; and since they do exist, it is the interest of all in business to be shareholders in them; otherwise they cannot be upsides with their competitors in business, but having been brought to view them in a light somewhat different to what others have done, his sense of duty induces him to lay his observations before the public, and his best authority, as well as excuse for this obtrusion, will be found in the perusal of these pages.

The late William Paul, Esq., who was the most eminent accountant in Edinburgh of his day, was contemporary with the author in the same bank; and on being applied to, many years ago, for his opinion of the author's fitness to manage a responsible situation in a certain bank, stated, in a written testimonial or certificate, that he considered him the most thorough-bred banker whom he had ever known. This is merely mentioned, as a further apology for the intrusion of his views upon the currency before the public, and regarding the real cause of that increasing degree of destitution which prevailed up to 1849 and '50, despite of the common belief, that the

human race are possessed of rational endowments, to work out their own worldly deliverance, and the reserved opinion, that the very dereliction of moral duty is the exception to the general bias in man, to what is good. But a Christian's faith is different: he sees in the present disordered state of the world, now the middle of the nineteenth century, the most indubitable proofs of Scripture doctrine, and of an overruling Providence; he feels it is the last time wherein to put this question of the currency to rest, and that once more the leading men in all countries have yet to be convinced, by the singular manner of the world's emancipation from fiscal bondages, that they are no less in error, in their ideas of political economy, than those were of Theocracy, who, eighteen hundred years ago, in the fulness of mutual complacency, by erecting an altar to the unknown god, vainly imagined they had placed the copestone upon human obligation.

For instance, what can be more absurd for a shrewd Liverpool merchant of the present time, after effecting on change, a haggled bargain, whereby a quarter per cent. is apparently gained by him, than incontinently to throw that rate away on an opponent in business, and a shareholder of a money agency company, who through his bank, engages therefore, this quarter per cent. commission, to take charge of his competitor's spare cash, and with which he may in the interim—in a day, or an hour—acquire an infinite advantage over the very party who is owner of the means. Surely this is either from misconception of the affair or weakness of resolution,—perhaps from both. In parts of the country where the facilities of applying capital to any purpose are few, it is collected at an *expense* to the banker of 2 and 3 or 4 per cent; the former of these rates is still paid on the daily deposits of merchant's balances in Scotland. And surely the great emporiums

of commerce in England can always readily find investments for the aggregate of such balances, which may be calculated on, without at least the imposition of a charge by the banks, seemingly to make up for this want of ability either in the functionaries themselves to find an investment, or their comprehension of the case. The difference created in the relative circumstances of parties, by an often-repeated charge, however minute it may seem,—such as is now made for the temporary deposit of floating capital by the banks in many parts of England,—becomes in a little while enormous; a quarter per cent. four times repeated being of course one entire per cent., which may be in as many days secured. It is possible to realise nearly one hundred per cent. per annum by it solely, but commission has no reference to time. To the shareholder in the bank it is revertible, besides pocketing the like commission from his unhappy competitor in trade, who is no more fit to do business in consequence on similar terms as the other, than the fleetness of the horse is to surpass the rapidity of the railway train. Still this being conventional, it may not be complained of, nor do we; our objections are to the issues and the principle on which the issues or circulation of Banks is founded, and by which capital and money may be placed in rankling opposition to each other.

Prior to the establishment of Joint Stock Banks in this country, the business of banking was carried on by private parties, the law not admitting of more than six partners; thus showing how egregiously we veer about from one extreme to another, in our conception of remedies, for at present we are restricting all Banks of issue, after a few years' trial, as if the disparity of value in the issues were at last understood, and by our forefathers had been suspected, and the remedy still remained a mystery.

The close of the great European war left us almost in sole possession of the commerce of the civilized world, so that previous means of aid to commercial enterprise were found wholly inadequate to the opening exigencies of the period, as respected security, capital, and information of men's circumstances. Banks were continually failing, and the issues of English Provincial banks, were only payable in London, far from their place of circulation; and depositors were the last to learn the condition of the concerns which they had to trust, and were usually the sufferers. Hence the origin of Joint Stock Banks. Caterers of capital for relending and for management in slumps, these banks tempted the common people to deposit their savings with them, upon promise of a rate of interest always $1\frac{1}{2}$ or two per cent. less than the parties depositing might have received directly from the state, had a proper deposit system of banking existed. How strange that the executive of a nation should confer upon any class of men but its own officers, the pleasant duty of disbursing the interest on its securities, of retaining so much thereof as commission; and at the same time be near worrying itself with petty taxes, on light, dogs, coals, candles, soap, bricks, &c., to collect this surcharge, when a proper system of deposit banking might defray the entire revenue required for that interest. But neither is this the radical evil about to be exposed.

The natural development of a medium of exchange, which is an essential to the least advance in civilization, would have been vouchers of service done the State, had mankind, as they increased on the earth, formed themselves into nations under constitutional executive power, and the storing of such vouchers would have formed the nucleus of a currency. But we have no need to go back to this point, and we all know that this was not the his-

torical origin of a circulating medium. In the absence of communal liability, the precious metals, from their rareness and beauty, became a semi-barbarous expedient for nomadic tribes. And even the disbursements of an administration cannot be long co-extensive with, or either sufficiently diffusive or timeous, or equal to, the exigencies of an increasing and trading people. Therefore, to urge a government issue of taxation notes, as some have done, is sheer nonsense; moreover, extensive contractors and commercial associations, if permitted, would deluge a country with their certificates or debentures of a capital already appropriated, regardless of consequences, unless government both exacted a guarantee of indemnity for the public, and imposed a tax on such emissions, as would neutralise their undue advantage to the issuers. But modern practice is the reverse of this just method: here at least the issuers, though indebted to the public, have had the knavery when interrogated on this subject, to persuade the recipients of those issues, that besides the stipulated charge, which should cover all contingencies for the loan of these vouchers of credit, they are deservedly entitled to a rate of benefit, held out of view, distinct and irrespective of the charge for the loan of them, and in its degree, equal to the interest yielded by capital, although they lend no emblems of credit or capital without the most approved security, and obtaining the open charge which they lead the public to consider a suitable compensation; in fact, obtaining their own ostensible terms.—Even though such an equalising tax were levied by the executive, it would never suit to make a people be dependent, on the interested issues of such companies, for a due supply of the current medium; and as for gold, it is out of the question unfit: the State would have to provide that substance at any price, as it now provides naval

stores or anything else when wanted. The reader's attention is requested to what follows regarding both our metallic and paper money.

The best capital is impalpable! and its standard of value is not necessarily in a commodity, and cannot be measured by it; but if value were only co-existent and co-ordinate with matter, there might be some reason for the currency being a metallic substance, or specially convertible into the precious metals, although this is the very converse of a circulating medium. Value could be reckoned, although gold and silver had never been, and was so before these metals became appreciated; and still to reckon by them, evinces but a tardy progress towards a rational, emancipated, and intellectual existence. In fact, the state of this question has become the stumbling block to farther improvement in the science of political economy. The existence of a medium betokens its office, and implies its prompt available transference as a sign warrant of value, with an equitable power to all possessing it, whilst its conversation implies its termination in barter, and its vitality continuing, in repose or action, in other forms as capital, where we cease to follow it. Supreme immutable value should characterise any circulating medium, and this can best be imparted to it by the sovereign will of a community; and these qualities may be imparted to vouchers known by familiar terms, to distinguish their integral and component degrees of regnant value, which essential is maintained by the principle on which the computing medium is put in circulation and governed, rendering even a paper currency indisputable and immutable. A pound is merely our highest denomination of value; and it is unnecessary to trace the origin of the term, or the various transmutations by which capital assumes the character of money, and is

again resolved into stock and fixed property. Conversion is a step beyond circulation; and the State is no more bound to provide the material wanted for the medium, than it is obliged to furnish a market, or have a specific quantity of beef steaks at hand for every shilling of the measure of value, when so to be exchanged. The legal tender can only empower its possessor to receive or defray therewith, a specific measure of value or amount of a commodity—which is all that is requisite—but it cannot and need not create or provide what the sovereign value of the medium itself induces to furnish. Conversion at the market price of gold can however be conceded by a National Deposit paper currency, though evidently not affordable under a Commercial Bank paper circulation, because, to make the most of an agio is the business of Commercial Banks, if not to originate one; but that being no part of the business of a National Deposit (Issuing) Bank, the agio or difference between its valuable notes and the price of gold would never amount to an export price, for its issues being *bona fide* capital, and not the mere duplicate, as are only the issues of Commercial Banks, there would be no agio. Thereafter, gold to be a profitable export, would behove to differ elsewhere in price,—a double rate of interest in transitu, a double freight, a double insurance and a double commission, above its import value, and after all, have no perceptible influence on the state of the circulating medium; whereas, so long as the public sit under a commercial or metallic circulating medium merely, the people will be enslaved to a sectional, partial, and foreign influence. But we must prove this by showing that,—

If the private bankers had been restrained from following any other description of business except that of banking, their issues would have had a much nearer approx-

imation to an equitable currency than that of Joint Stock Banks, which arose on the other's decline; but most of them were manufacturers and merchants besides, and it will never be possible to separate or restrict copartneries from other occupations. We say, what the country gained in security, it lost in equity, by the change from private to joint stock banking. It however shows how little the public then understood the principles of monetary currency, that considerable inducements required to be offered, in all the prospectuses of the earlier Joint Stock Banks, before the public could be persuaded to become shareholders; totally unconscious of the advantages involved, by getting money to suit a double purpose at once and free of cost. An apprehension prevailed among the people, that the paid-up capital would not be available to the partners, if required in their ordinary avocations; consequently—mark this! it was usually made a prominent part of the institutes of such banks, that one-half or two-thirds, in many three-fourths of the paid-up capital, would be held subject to the demands of the shareholders, and the paltry remainder for accommodation to the neutral public; at the same time it is notorious that the capital of banks is lent in manifold degree, and a small amount of the medium suffices to do a large business; but there could be nothing more safe for the bank, or better for the shareholders, than to get the use of the entire duplicate, drawing to the full on the security of the paid-up capital. If such a declaration was considered imprudent then, lest it produced abortion to the issues, “to this complexion they do come at last,” although the public benefit is held out to be a main cause of their very institution, no discounts being now obtainable unless an account is kept at the bank by the applicants, or on the interposition of a shareholder, so careful are they to run

no risk. Previous to the establishment of such banks, the trade of any place could never be carried on but with equal chances of success, by all engaged in business; all stood upon an equality as to the value of money however various their amount of capital; all had a remunerating profit, in whatever things they dealt, magnitude of capital could give no superiority of gain or profit, impartial chances of gain were the lot of all, the power of money was then equal. Not so, since the formation of Joint Stock Banks, their paid-up capital being invested in some fund or mortgage, so as to yield a primitive interest, equal at least to the average current interest of capital; it is the duplicate of it which is issued, and as long as it circulates it does at least in double degree the purpose of the real capital, of which it may be said to be the certificate, and meanwhile the real capital is bearing fruit also. Nobody but bank shareholders can get money to answer two purposes at once. £1 or £100 paid away by most persons, has no duplicate remaining unless borrowed and paid for; but bank shareholders can get the duplicate use of every pound which they invest or pay away; and they have it gratuitously. Any person may borrow the duplicate value of their property, but all else have to pay for it, and the price of the sum obtained may swallow up the original income; yet partners in banks of issue only ostensibly pay for advances, upon security of their shares or otherwise invested capital; because if the ostensible charge is made, it is revertible, for who else gets the discount? and whether they themselves personally apply the duplicate, or the bank lends it for a fee to others who apply it, the benefit becomes the shareholders'. The price charged for loans, together with the security, is the issuers' own consideration and price for the risk of advancing loans to the public, and he is very well off to get it, but the community can

be under no obligations to grant an additional rate in aid, which he contrives to get; there can be no debt of gratitude on the part of the public, such as to confer upon the bank shareholders ~~to get~~ ^{do great} a boon, as to entitle them to a principle that vitiates the equal value of money and the whole weights and measures, yet such is the nature of the system, by enabling them to have the free use of two pounds, for every one, which they are really worth; they cannot claim a prescriptive title to the free use of the duplicate on any ground of righteousness. It is true the issues are not a legal tender; they are insiduously tendered however, as of equivalent value; their acceptance is not compulsory; but in the absence of a sufficient regal measure of value, of a more perfect kind, they are a necessary convenience—almost indispensable, and should the issuer do less than pay them on demand, wherein is his virtue. We have shown there is a difference of the current rate of interest on money, between the worth of a bank note to the issuer, and the mere recipient of it, and of two rates, between both parties, when borrowers, and of three rates, or about 15 per cent., when the discount is given to the bank of a competitor in trade; and we are merely now succinctly seeking to expound these imperfections and mischievous consequences, in the hope of obtaining a more equitable substitute, but this requires a familiar illustration; for example one man may chose to walk and another to run, but a race of competition would be unfair if the one were minus a leg;—or, say that A & Co. took shares to the value of £10,000 in a new Joint Stock Bank of Issue; B & Co., who carried on a similar business as A & Co., with a like capital, declined to become partners in the bank, but they opened an account with it; both parties had hitherto prospered mutually, although their profits were of a low rate;—A & Co. still got the direct,

free, stipulated, unquestioned use of three-fourths of their capital, upon security of their shares; occasionally they drew to the full extent, and after being debited a reversible 5 per cent. on those advances, which all the partners who were in business, and applied them, also were, who did the like—and how few refrained; they still found the declared dividend on their bank stock was from 10 to 20 per cent., besides having had the use of their capital, and finding a rise in the value of their shares, together with an addition declared to the reserve, for a private bonus. Confiding in this, and to secure a larger share of trade, A. & Co. gradually reduced the prices of their commodities, without any loss of patrimony. This was more than compensated by their increase of business. B & Co. had no income but what they derived from their trade, they, however, followed from necessity in the wake of A & Co., until prices became so low as to leave no profit whatever to them; here they determined to make no more deductions, hence their traffic gradually declined, till they only retained the dregs of their former customers; their bills were thereafter of so dubious a class, and so frequently dishonoured, that it became apparent to the bank directors it was time to pause in granting them discounts, not so much from respect to A & Co., their shareholders, as from the conviction that farther competition between them and B & Co. was utterly impossible and would end in the ultimate ruin of the latter. This determination was followed by B & Co. closing their doors. They next day appeared in the Gazette; and the conclusion of all their noble efforts to maintain their position was utter ruin, never more to rank in society as they did at the outset; and the vidimus of their affairs showed a continual loss for a series of years, until £10,000, their original capital, became extinct to

them, or rather had passed away to their competitors in trade. We here see into the primary cause of much of the embarrassments, which of late years have so unaccountably marred the fairest prospects of the best regulated concerns, which are not a match for others, (though these are conducted with unsparing profusion,) by the permission they take to circulate as a currency, or money, a substitute which is not of equal value to the public as to the issuers. Even admitting an untenable supposition, that the issuers are entitled to the gain, how can the business of life be carried on under it, to any general good end, a result impossible. It is, however, a gain apart altogether from the charge for the advance of credit; and the essential thing termed the medium the retransferable money warrant, is used and required by millions, who never borrow it; and is it right to continue the operation of any instrument of false measurement, which is so fraught with loss and ruin to all but bank shareholders? Although trade be still prosecuted under it, that is by fresh adventurers, who will be overwhelmed in turn, through continuation, leaving behind them the visible wrecks of fortune and of genius, which may pass with superficial observers, and be pointed to as so many proofs of national prosperity. If an equal measure of value be as baneful as unjust weights and measures of capacity and superficies, what is the first duty of statesmen but to suppress it, or apply a better principle. The subject must not be viewed in separate or detached portions, but as a system, else the analysis will be incomplete. It was pretended, for a long time, that convertibility was all that was necessary as a reparation; and subsequently that the mutual exchanges between banks barred undue expansions; and lastly, that every one might issue a currency for his own benefit, till the late Sir R. Peel put an end

to this part of the asserted plea. We find that convertibility will not make up meanwhile for bygone relative loss, by the power which the issuer has to outbid, and yet to undersell his neighbour; it is moreover a vulgar alternative, which few will dare to insist on; and we find the same cause which influences one bank to expand or contract, usually influences all, so that the balance of any exchange of notes between them, may remain as before, whatever be the excess or diminution in the currency; and we know that the peer and the peasant are ineligible as bank shareholders, the first from prudential reasons, and respect for the claims of rank; the other from inability; accordingly these can never become bank issuers or participate in the benefits of the system. This points however, to what should be done if we would uphold our constitutional rights; in a word, the protection of property, in rank, labour, or material; for which cause we are an associated nation. Our fleets and armies do this in one sense only; our police and judicature in another; our ecclesiastical in a way differing from both; but our principles of finance counteract the whole of our civil policy, any remedial measures hitherto having resembled more the pittances thrown back by banditti to the plundered traveller, than the emendations of enlightened genius, from a class of statesmen whose elaborate dissertations on this subject were the admiration of the multitude for a time. The baleful evil under which we suffer, is the mercurial inequality of value in the measuring instrument, or the circulating medium; inasmuch as every actual pound the issuer possesses or puts forth, insures him a double purpose, or double investment, whilst everybody else can only earn but one rate, and apply capital to one purpose only; it is the issuing as money, that which is not of full equitable or immutable value, and never can be,

which occasions nine-tenths of all the poverty, bankruptcy, and crime, that we encounter. Recipients compete with it in vain, continuation must beget bankruptcy on one side, it wars against wages and price, by the pinching and paring it engenders—salvation from its ruinous consequences is only to be found in the adulteration of everything by baser substances, and the illicit use of false weights and measures, for the appliance of which no magistrate could under such circumstances morally convict, since in their substitution only is self-preservation to many from ruin. Coroners' inquests have usually laid a deodand on any lathel instrument or machinery, which has been the means of death, and some similar fine should be laid on the foresaid instrument of exchange, to neutralize its mischief; and it might not be a bad resolution to lay a special tax upon bank stock, (not on issues merely,) equivalent to the rate of interest in the public funds, considering that the charge for underwriting sea risks, &c. is as far below the average profits by bank stock as the rate of discount commonly exceeds that of marine assurance, and seeing that, in all cases, bank credit is only granted to applicants upon approved threefold security, which is somewhat better than a chance average. This would be fair, though it did not also equalise the value of the paper currency as it certainly would; which however insufficient, is only an alternative cure, anticipatory of the scheme about to be stated; previous thereto we have yet to express something more, as to the need of a remedy, by showing how the case stands in reference to public matters, as regards taxation and various orders of state creditors.

The paid-up capital of most banks is generally invested in the government securities; so are their deposits for the public, and for which the manager draws the aggregate sum of dividends, and if any be given to depositors, a less

rate of interest by one and a half or 2 per cent is paid to them, in promissory notes, whilst the shareholders have the remainder and their own also, besides the use of the duplicate, free of any discount; or it is used for their behoof, as repeatedly as possible upon the best security, and the highest attainable price. Nobody, besides them, can obtain or apply the duplicate of their funded property but by paying the dividend, and somewhat more, for its use to the issuer; or they have to sell out, should they need to do anything else with their capital; and from that moment they cease to draw any dividend from the public funds. It is quite otherwise with the bank shareholder, who need not sell out unless he can profit thereby, and he continues to draw his dividend from the funds, after he has taken the use or benefit of the same capital by duplicate from the rack in another way; wherefore he may be said to be freed from all payment of any taxes towards the support of the national debt; he gets in reality, and unmerited, a drawback of his taxes! gifted from their proceeds, by the whim, or fraud, or ignorance of the Govt., for it is a fiction and pretension that he has any money in the funds, or is relatively a State creditor. How is it that the Savings'-Bank State-creditor or peer, must sell and cannot apply his money to another or secondary use, like the party referred to free of charge, and still get the dividend or government interest, or else his taxes remitted? Is he not, relatively considered, loosing the duplicate rate of advantage, even when in receipt of the interest? Is it not plain that, though getting 3 per cent., he must be loosing relatively a similar or greater rate, or that on the thirty-five millions of Savings' Bank stock in England, the relative loss to this section of the public alone is £1,200,000 per annum, and it is also contributing to pay the portion of taxes which the bank

shareholder should pay, but which he is made a present of yearly? The Savings' Bank depositor or the aristocrat is therefore, in spite of all his frugality, receding from the possibility of keeping as near *parri passu* upsides with the other, as at first, by at least so much as 5 per cent. of retrogression per annum; and at the end of thirteen and a half years, that period which capital takes to double itself, at 5 per cent. compound interest, though the depositor or gentleman finds himself with his capital doubled, if he adds the interest to it: still the shareholder of an issuing bank will have diddled him out of what might have trebled the amount, or will have improved his own substance probably fourfold, by stealing a march from the rest of the public in the way stated. The amount purloined so from the public, is equal to 5 per cent. on the aggregate of all bank capital, and their deposits together, whatever they amount to, it is in truth so much taxation misappropriated. No wonder then, that poverty or pauperism increases. We may not be able to determine what precise proportion of the tax upon the poor man's beer or tea, goes to enrich the party whose beer or tea is thus indirectly freed from it, but we can see how the disparity of condition, thus produced in society, leads to such extremes of pauperism and affluence, until the poor are worse in condition than the beasts of the field, and the bank shareholders are led to doubt, whether heaven itself can yield more enjoyment than they possess on earth, funds being liberally and gratuitously supplied them for every purpose they can devise. This is a subject for the consideration of both financial and currency reformers, but the Manchester warehousemen inconsiderately told the author, it was not in their line. All attempts to renovate the state of multitudes so held down, are of no avail, whilst the source of mis-

chief remains; a difference of a 20th part, or 1 cwt. in every ton weight, or nearly two inches on every yard length, and almost an ounce on every lb., is about the rate of imperfection, in all the weights and measures, caused by the mode of monetèry circulation at present existing in every part of the United realm; and the difference in the colonies, or the United States, and wherever the system of Joint Stock Issuing Banks prevails, is exactly equal to the average rate of interest on money in all these places: the higher the interest, the speedier the direful effects of an unfair measure of value; even the issuers' gains exude through his support of connections without the pale of its copartnership; and all things become dislocated by its operation. Through this unrighteous principle and the gold standard together, acquired wealth becomes exposed to more vicissitudes than the wreck cast ashore by the tide, which disappears again in the ocean with the first change of wind. Neither is the case much improved by the substitution of Bank of England notes—the Joint Stock Bank which uses them standing in relation to it as a large individual shareholder. Observe, that however profitable it may be, there are two classes in the state, who can never become shareholders in Commercial Joint Stock Banks—the aristocracy, and the working classes. The former from prudential respect for the honour due to hereditary rank, in a monarchical nation, the latter from inability; affording ground of hope that a remedy will be applied ere long. For although no business is so safe as that of banking, or money agency, if legitimately followed, and although the law of bills hedges the money lender round as by a wall of fire, giving him recourse to the full amount on all concerned. Still, boards of directors can misapply any day the largest capital, and the honour of the Crown

forbids the risk of a connection, which might bring the Peerage into contempt and poverty, through the malpractice of others, hence the tendency of our present monetary system is both anti-monarchical and revolutionary.

We perceive moreover, that if the restriction of 1844 had not been imposed on any further banks of issue, shareholders in such banks might have applied the duplicate to the same capital, repeatedly, to the purchase of shares in any new bank, a score of times if they liked ; and the same identical capital might have been employed to make repeated investments in many separate joint stock banks, or other funds, which could have been all held together, and in each case, would have secured for its owners as many separate rates of interest. This is undeniable, for though each repetition of the transaction were in amount two-thirds or three-fourths only of the foregoing one, the proceeding is in accordance with the declared principle of management, and constitution of all these banks, which no sophistry can rebut, and which the absolute payment of bank note balances, at the stated exchanges, cannot be said to qualify or deter from, nor hinder their profitable expansion in such purposes, and the existing banks could never prevent the rise of any number of new banks. Notes sent in for the instalment of a paid-up capital, will be the issues of various prior banks; and by the time the collected sum is required to purchase Government stock, or for any investment which superinduces their redemption, these notes, or the balance of them, will have been also transmuted, mostly to the credit account of the emitting parties themselves, and in lieu of their drafts and bills without inconvenience to the banks which issued them; reciprocity of circulation facilitating and crowning their mutual exchanges with various advantages; so the necessity of meet-

ing the issues can never prevent their profitable emission for any thing. It became, therefore, quite easy for an issuer to make £10,000 of capital equally serviceable as £50,000 in any other person's hands, and to engraft it a score of times upon any stock, and to draw from his £10,000 the interest of £50,000 at 3 or 5 per cent., as the various investments might yield; that is to say, in place of getting only as other men could, £300 or £500 of interest, per annum, by the £10,000 he could be realising £1,500 or £2,500 in the way stated, irrespective of any risk, anterior to any plea of advancing credit to the public, and also independent of his profit by his ordinary trade or calling, in which he could employ the residue of his multiform investments, free of discount. Unquestionably notwithstanding this glaring misuse of the medium, the commerce of the country cannot be circumscribed within the limits placed on the circulation by the Act of 1844, nor should the expansions of it be saddled by such conditions as it imposes, whereby the price of discounts may become so enhanced as to nullify their usefulness, merely as an indemnity must be charged equivalent to the loss of interest, if any be granted, upon the gold now ordered to be kept, to guarantee the convertibility of such emissions, although the English banks seldom give interest on deposits, yet interest may be lost on such gold as they may buy. There is but one remedy, that which these pages elucidate, "*sans changer*," no matter who the author is, whether like Elijah, he may have been a cowherd from the mountains.

The government and the public may discern, that there can be no dependence on, and no abiding or conventional value in an instrument of measurement, so liable to modification, by its issuers, as the present currency of commercial banks, created for the special benefit of the share-

holders thereof; and that, besides the natural causes which diversify the value of specie, there may be also surreptitious sources of oscillation, the power or exercise of which is commonly aggravatingly dependent on, and in degree to the natural cause; but, with a National Deposit Bank paper currency, as herein developed, we would become independent of all these influences. *Shod with this preparation of the gospel*—for it is forshadowed there—we will make the closest approach to a perfect measure of value, and shall therein possess an assurance, that the fruits of a laborious life will ever be sufficient to fulfil their anticipated purposes, with unfailing certainty, and that whatever more they may accomplish, they shall effect no less. From what has been stated, it appears that no Commercial Bank issues whatsoever can be made a sovereign and honest tender. Nor can conversion at the market price of gold impart immutability to the currency; we except a National Deposit paper currency, whether convertible or not; but gold can neither impart immutability of value to other things, or be of the same value itself for two days alike. Hitherto, both the metallic and paper currency of nations, has been issued upon no sound principle, being augmentable and curtailable according to the will of interested parties, regardless of its effects on the prices of things, causing fluctuations in their value, extraneous to that produced by natural sources. Such being the characteristics of the present medium, we proceed to point out the desideratum.

A Paper Currency, to issue from National Deposit Banks, forms the most perfect circulation for all nations, because it is the warranted essence of foregone exchanges of capital, the fruit of labour and skill, but of which the issues of Commercial Banks are only the shadows—the operation of such banks being confined to the reception

and disbursement of the deposits, at the will of the owners, pre-supposing their investment in Government securities, affording a rate of interest equivalent to that granted on the public debt, and allowing depositors the option of guaranteeing advances to whomsoever they choose, on security of their deposits; the discounts for such credits to be deducted from the proceeds advanced to the borrower, and the depositor's interest accruing and payable to him notwithstanding; but the loan to be placed to his debit at the termination of the period, if not renewed or repaid, in whole or in part. There is no difficulty in this, and leaving speculative advances as a prerogative to Commercial Banks. With nations having no public debt, the charge for advances might approximate to the rate of interest to be given; but in such a country as Great Britain, having such a debt, the price of loans should differ from the interest by one and a half, or 2 per cent., to form a reservation fund, and to maintain the price of money. This cannot be construed into the adoption of a traffic by the State, or into a method of making parties or classes pay for the use of their own money, inasmuch as the discount would go, not to aggrandise a class, but to the reduction of duties, in their gross collection of far greater weight, bearing on all; and all being eligible to the rule admitting such advances, which being charged only the usual price of money. In truth, the precept would become a relief to the depositor, from the necessity of drawing, or of lending gratuitously; there is therefore no doubt, than the scheme would be operative and successful, if we may judge by the innumerable partial payments on deposits which are always in course, for aiding needy friends of depositors in banks, a large share of all bank transactions consisting of such payments, and since the public contribute the interest, *to it* these discounts should apper-

tain. A depositor may have long striven to amass a specific sum, which he regrets to break upon; but by the plan proposed, he has no need to do so, and yet he may exercise his benevolent wishes, receive his interest still, and abide the result. The project will have been previously sifted by those interested, and the application of the money will have had every chance of success—"in the multitude of councillors there is wisdom"—besides, the applicant in every rank, will have been compelled to exhibit a moral improvement before the thrifty depositor would deem him a fit object of patronage, thus the principle would become a powerful motive to moral improvement.

The origin of the malt tax, which yields so large a revenue, was the observance of a mere habit among the people, neither universal or constant; affording far less assurance of success than the problem now proposed, which is founded upon the absolute necessities of mankind in every land, and the universal inclination to possess means to an end, on paying the price of its obtainment. For instance, notwithstanding the limitation upon Savings' Bank transactions, it appears from the eleventh annual report of the Glasgow Savings' Bank, published in 1847, the deposits of that year amounted to £207,215, and the repayments to £176,757, and the aggregate deposits of ten preceding years, including interest, to £1,318,830, likewise the repayments to £895,828. The interest of these aggregate deposits, at $3\frac{1}{2}$ per cent. for one year, would be £47,158, and the discount on the corresponding repayments, at 5 per cent. had they been optional loans, would have produced a sum of £44,791, less by £1,376 than the interest of the deposits; but, at 3 per cent. interest, which is the rate granted, the discounts would have exceeded the interest for the same period, by £5,127. In the year ending 20th November, 1852, the

amount received in the Glasgow Savings' Bank was £257,796, and the amount repaid was £216,744. In the Edinburgh Savings' Bank for 1850, the monthly receipts averaged £9,605, and the monthly payments £8,379. Who then can doubt or gainsay the practical utility of the hypothesis we have formed, respecting such an optional rule of credit, or the certainty, that the rule would become available to the self-support of the capital, and towards improving the circumstances of the lowly and needy connections of depositors, instead of their deprivations by pawnbroking which was not the offspring of christian philanthropy any more than banking; besides the currency proposed, providing a sufficient and equitable measure of value invariable for ever! The report referred to, shews the numerical magnitude of the deposits under one pound, to be above 50 per cent., or a moiety of the whole, and the number of such small repayments as comparatively and numerically more so.

Holy writ, in language the most awful, repeatedly recommends the proposed principle; its denial forms the ground of the final indictment; which might have led thoughtful men long since, to suspect that no ordinary riches lay under it, for ameliorating the lot of human life; and the Son of Man, by sending Peter to procure a single fish, thereby to raise the tribute-money, declared to all after ages, that the prosecution of individual industry, in its minutest degree, and the affording every facility thereunto, was the best way of supporting a people as well as the public revenue, *a double rate of which he transferred to the exercise of available traffic.* The whole operations of nature teach the same lesson. The very iteration of the divine injunction affords a reason why, a rule of optional loans, should be rendered a palpably prominent feature of such a national establish-

ment in all Christian communities; and it is a cause of exceeding gratification to know and feel, that the more the principles unfolded by the Christian dispensation become interwoven with national institutions, both the one and the other are seen in their true origin and character, and to be or not for the ordinary public benefit. The progress of mankind is therefore unfailing, as it is put independent of personal perversion, although perhaps only advancing in degree, with our application and use of these divine principles, whether the earlier or later.

The want of such a rule in the Savings' Banks is a great curtailment of benevolence, consequently, pawn-broking is increasingly resorted to. The privations of the poor and lowly being thereby very much multiplied beyond any conceivable degree. It was stated in Parliament, session 1848, that in six towns alone, in the south of Ireland that year, there had been eleven millions of pledges, on an average of 2s. each, or upwards of one million sterling advanced within a circumscribed and poor locality. The real amount of the deprivation valued in money of these articles, may have been four or five millions. The interest, at five per cent., on the advance, £55,000. This itself is far more than would be required to defray the cost of such a bank as we recommend, for all Ireland, and England also, if properly gone about. How much better such a bank, (even although it did no more than proffer the alternate mode of relief,) to the necessity of dragging off the only blanket from the bed of a dying parent or child, to provide the necessaries of life for a perishing family! Of all the nameless schemes of help to the lowly in condition; to those even of diminishing the bodily pains of the most vicious, which are a great stretch of charity; there are none comparable with this, which is designed to aid the well-disposed in quest of

self-support, and to compel the most wicked to consider, that the best way towards attaining their desire of comparative happiness will at least be, the assumption of good character, in which case, though only evanescent, society for the time being is benefited. Alas, the best schemes of the benevolent have been copied by avaricious, sordid money dealers; many Loan Societies do exist, on the principle of lending a sum for twenty weeks, of which a twentieth part is returnable weekly; such parties make 60 per cent. of gain in five months in this way by their capital, and yet these loans are found useful to the lowly, as the number of such companies is on the increase. The partial payments in Savings' Banks form a great part of the duty of such offices, and after the first absorption of the floating capital of a district by such a new bank, the following deposits very little exceed the sum of payments, which overcount the number of deposits, only in Glasgow, Liverpool, and a few other places, the capital appears to be greatly on the increase, betokening and befitting the utility of a really national establishment. Many times has the author heard from the lips of depositors, that the payments were not needed by themselves, but for their poorer relatives and friends, who importuned them. Let us imagine one or two such cases, and that the bank proposed has commenced business:—

A public work has just been finished or stopped, and the poor labourers are thrown idle, many of them have not saved one penny to keep themselves above a single day. See that poor man in earnest conversation with one but little better attired than himself,—he is a depositor in the bank; let us follow them into it,—the applicant has gained his point; it was the loan of 5s. for a week, through the intervention of his friend, that in the interval of no other work, he might therewith purchase

herrings, apples, or oranges, for retail; in short, anything to help him to earn a penny honestly, for his own and his family's support. The good depositor demands the 5s. "For how long?" says the clerk. "Only a week." "O! that cannot be done,—do you know the charge for that time?" "No." "It is 5 per cent., which is nothing for a week," replies the clerk. "Help me!" says the poor apprehensive man, "two weeks since, Barney lent me a 1s. for a few days, for which he axed and got 6d. of interest. I'll give you a shilling for this loan." "No such thing; it is but 3d. for a year, 1½d. for six months, and ¾d. for three months— You must take it for a quarter of a year." "When was money ever so cheap?" says the poor fellow, as he receives 4s. 11¼d. Next we see him with a cheerful face and homely wit, wheeling a barrow full of fresh herrings, or apples which he soon retails, and goes off for another supply. On his way he looks in to see his poor wife and family, and recounts his success, which is far above his expectations; he speedily repays the loan, the teller saying, "There goes what is better than Pitt's penny to the reduction of the public debt." And thus the poor man proceeds day by day, preserving himself and family from the workhouse, and at last saves what sets him up in a still more respectable way of life. Yonder is a group of excavators,—they are all out of work; they are in converse with a contractor, who knows them all; workmen are wanted to trench a piece of ground; the contractor tells them the terms are too low for him, but advises them, if they choose, to offer and do it for wages. They are to get the job, but have no mattocks; nothing have they but their two hands; he refuses to lend his shovels or mattocks, as he may need them suddenly, but he offers to guarantee them £5 for a month, to enable them to buy instruments for themselves; thus he avoids

to charge for the loan, and places the bank between him and them in the transaction. Again let us follow him and one of the twenty men into the bank; their object is stated. "£5 for how long?" is the question. "A month. What will be to pay?" "Fivepence," replies the teller. "Is that not far too little," say both men. "It is nevertheless 5 per cent." "Bless me," exclaims the borrower, "I never knew money so cheap." This transaction is finished, and upon going out, the nineteen are told that they have to pay one farthing each for the loan; they cannot credit it to be so little; they bid adieu to their patron, and repair to an ironmonger, to provide ten spades and as many mattocks; for so considerable an order he kindly gives a reduction of 5 per cent. for cash, being five shillings. They tell him how they give but fivepence for the money at five per cent. and that surely the bank clerk was wrong. He explains to them that it was upon time; and a new light breaks in upon them of the propriety, in future, of placing a value on time. Next day they proceed early to work; they have a clear specification of the duty; at the end of the week they repay the loan, fourpence halfpenny of the discount being another evaporation of the nation's debt! besides its sustinment so far. The men are kept three months so, fully employed; and at the end, besides every man having an instrument of work his own property, he has saved in pocket a fortnight's wages or more, and meanwhile supported his family, and has fourteen days to look for another job, ere his savings will be exhausted. This is but a feeble attempt to describe some of those innumerable ways, by which an optional rule of credit, such as we have suggested, would better the condition of the lowly; the pride of having one's connections, who showed a desire to obtain employment, doing something for them-

selves, in place of receiving relief from the poor rates, would stimulate to its practical adoption and exercise; the mutual discussion of the purpose would also tend, in time, to advance the temporal state of the working classes, so that a lasting and blessed change would manifest itself in all nations that adopted the principle.

Both its direct and indirect influence on the revenues of the country are of immense consideration; besides being the only true way of establishing a standard denomination and equivalent exchangeable instrument of value, incorruptible and of unvarying sameness, and uninfluenced or unaffected by whatever changes the precious metals undergo, giving a full and sufficient currency to the entire extent of the public means, for the purpose of domestic traffic and foreign trade.

The sum of deposits to be permanently invested could only be the aggregate excess above the ordinary payments, and these investments would not require to be re-sold, as is now done, whatever be the price of consols, in order to provide money for any continuous run of payments on the unpledged deposits, which would still be made in the notes of the bank, it appearing evident that any such run arose rather from a demand for an extension of the medium, applicable to a profitable or pressing purpose; than a run from discredit which would early indicate itself, and if ever it should come, and the notes were payable in gold, it would only extend to the sum of unpledged deposits, for where could a better medium than it be found, which would at once satisfy and supply the ever recurring absolute public requirements, or that could at once be met by the stock of bullion timeously or even precipitately purchased if necessary, (as we shall prove it not to be so,) by the accumulated discounts and the interest gained on the investment for the previous

period, in which the bank issues were taken and kept in circulation, which would be very much less than the pledged fund. In other banks these gains are spent, in this they would be invested at the public credit. From these savings together, the bank could well afford a fall on securities, if forced to dispose of them which they would not, to meet a demand for specie payments; and there is little fear, under such a circulation, that bullion would reach a much higher price in other countries than this, whereto so much gold is annually transmitted to be used in the productions of art; therefore, whether a run for gold proceeded from discredit of the paper currency, or from a rise of value in gold, it would be triumphantly met by this bank, viewing the case in the worst possible feature. On the other hand, it is not beyond ordinary expectation to presume, that the drawings upon the deposit fund would nearly all assume the form of loans; and the $1\frac{1}{2}$ or 2 per cent., of excess above the interest in the rate of discount as proposed, would cause the 5 per cent. on the loans to equal, most probably, the amount of interest to be given on the entire capital. We may assume it as the truth to suppose, that the whole of the interest on the deposits would be annually defrayed by the sum of discounts; the relief to the country would, no doubt be immense, without infringing on the prerogatives of any party, any more than would the exchange of old garments for new, bought with cash, belonging to oneself, but on the contrary, extending and benefiting the banking interest commercially by the general prosperity, for as respects deposits, these companies pretend they suffer under a plethora of them, which they do not know how to apply or invest, their own credit being amply sufficient to supply all the duplicate of capital they can find use for.

Assuredly the principle sought to be introduced, would

in noways clog the duplex movement, which the existing system gives to the enormous capital of the public debt. The low price of money at the time we write, is only the consequence of the great increase of capital external to that and other stocks, in quest of regenerating stimulants, on a firm and certain basis of security. If commercial speculators may borrow at a low figure *now*, it is because other parties sustain the principle, but though the proposition should in a measure prove such a barrier or openly enhance discounts, the enormity of injustice is a strange argument or excuse for its very continuance. Many wrongs cannot make a right—and the *modus operandi* of the Stock Exchange is too antiquated and costly for modern requirement, therefore, let it succumb quietly, or it will slay something more valuable than itself.

By a National Deposit Bank of Issue, all other issuing banks would be held in proper restraint; the exchanges betwixt it and them, would then effectually be a bona-fide check upon over-issues; and any undue contractions of the commercial bank currency would certainly be filled up by the issues of the deposit branch banks. Such a bank would never be viewd or considered as an assumption of a trade by Government, it being nothing more than the safe retention of capital, until sought or demanded by its owners; but failing such an adoption, the only other course is to equalise the value of the commercial bank currency, by a tax not on their issues but upon the paid-up capital of every bank, of a rate equivalent to the interest upon consols, otherwise, no fair competition can exist between those who are shareholders in banks of issue (and such are in every walk of life) and they who hold no such shares in bank stock; for according to the rate of interest in any country, will the one party have an unrighteous advantage over the other, by means

of the bank-note circulation, through which they are enabled to re-lend their capital during the same period, a multiplicity of times, and in manifold amount. Unless the restriction of 1844 had been placed on the establishing of any new issuing banks, and for which we understand now the reason, we might at this day have seen similar benefit clubs, confined to the affording of these advantages to their shareholders exclusively, whilst their united respectability as a company or benefit society, would have secured as much circulation and credit for their notes, as the best of banks ever existing could command from the public. It was no restriction advised by us, and has only caused exasperation without exposing the evils which would have arisen had the enactment not been made, for it pointed out no remedy. Yet if Banks of Commerce (as is to be hoped) are still to arise, the act should be so amended as that the amount of shares shall be conformable to the circumstances of all in business, starting perhaps from £10 and upwards. However, nothing short of a National Deposit Branch Bank of Issue will longer suffice; the intelligence of the nation, besides common justice, requires and demands it. A difference of 5 per cent. in the quality and price of articles, obtainable in certain places, and impossible to equal in quality and price in other quarters of the same neighbourhood, and not occasioned by superior skill, or capital, or fair advantage, is soon perceptible; and justice ordains that the circulating medium shall not occasion it, but that equality of influence shall characterise its agency. Moreover, the state of the Savings' Banks requires that they should possess the national security they now erroneously pretend to afford, besides being placed under the general control of government, which the public from the assumed title of these banks, are deluded in supposing is the

case; and the payments should not be made in the promissory notes of a class, when its interests, and that of the depositors are at variance, and the working classes be preserved from having to accept what is adverse to their rights. When a strike occurs, the earnings of the labourer are usually drawn from the savings' bank in, and give circulation to the promissory notes of his employer, who receives a transference to the Savings' Bank stock in lieu of its use to the labourer of these notes, if beyond the balance uninvested and in hand, sometimes at prices below what the deposits were invested at in Government stock, and when these notes are returned to the issuer's bank, they are quietly placed to the credit of the grocer or merchant who sends them into his bank, which neither occasions the resale of the transferred stock, nor causes the loss of the current interest to his issuing bank, still holding the acquired stock, as finally his own, the state defraying the loss by the Saving's Bank, in preference to adopting an issue for them, and refusing to take the control of these banks, the otherwise administrative speculations in which have been so great, so repeated, and disastrous to depositors, and contrasting most unfavourably with the high degree of probity existing in the Inland Revenue department, whose officers we would all transpose into leaders of this truly National Bank, and hope to see effected sometime hence.

We have stated that a country free of public debt, which adopts a National Deposit Bank system and a paper currency, should make the charge upon the optional advances, to approximate so closely as merely to defray the interest, and the bank expenses; we have to suggest, that whatever change the discount might undergo, the interest should ever be unchangeable, a regnant magnetic value. There are many things which might be done with a sur-

plus of discounts, and it is not impossible but a surplus would follow the institution of such a bank, besides defraying the deposit interest. The aged poor, the infirm, and the lunatic must be supported, and might be by this means. The highways, the public edifices, and the sea coast defences, &c., have to be maintained, as well as the government; all this might be done with the less amount of other duties, such as customs and excise, which are invariably a grievous hinderance to the despatch of business in any country. Even in the United States, where every social requirement might be expected, there is no secure place of rest for floating capital; but actually in the absence of such an institution as this proposition unfolds, the fundamental to a democracy is wanting there, and instead thereof the foundation of an oligarchy is being laid, which their repudiation of primogeniture will not prevent; and a little reflection will convince any one that their treasury notes might just as well have been the issues of a National Deposit Bank, as the compromise they form between the article in their constitution, which precludes any National Bank,—a determination assumed when the principles of monetèry circulation were but imperfectly comprehended. The rivet of all authority is an equitable currency. In no other way than that here stated, can the people of that country maintain, a republican standard measure of equitable value, unaffected by the fluctuation inseparable from a metallic circulation, resting till now, on ignorance of a yet infantile geological science. Thus it is, all ages, and nations, have cherished many peculiar errors.

Time was, when most of the blessings we possess were unknown. Seldom have they been appreciated by the age in which they have been discovered. The history of every people abounds with proofs that the petty jealousy

of man, and his self-interest, have withstood more frequently the development of the most beneficent designs, rather than afforded to them timely support; but that Almighty power which at first made all things of nothing after the counsel of his own will, has not depended on other agents than those of his own choice, wherewith to accomplish his great and glorious purposes. How often do we find them making void the counsel of the wise, and bringing to vanity the understanding of the prudent, that to Himself might be all the praise. Should the recent metalliferous disclosures in California, Australia, and elsewhere, both of gold and silver, realise common expectation, nearly all that has been heretofore written, and done to establish a standard of value dependent upon these metals will go for nothing, being one of the primitive metals it must yet be found in large quantities; and as the importer of gold is seldom the exporter of goods, but commonly a different party, we believe that for the future a very considerable and an interminable fluctuation will arise in the price and flow of bullion, in which the price of manufactured goods, still bought in the cheapest market, will not partake to nearly the same degree,* and in respect of which the rate of exchange upon bills may bear no relative proportion of variation; in short, the price and supply of the precious metals may become as fluctuating as that of iron, rendering gold or silver a very unsuitable standard measure of value, even inferior to that of wheat, or any other product whatsoever, until their very name becomes discarded as comparative computative things. Formerly the bankers, by means of their duplicates, in any nation, could buy up all the specie in their own or another country, and keep it until its enhanced price sufficiently indemnified them; which, though less

* See the Manchester papers of 10th and 13th Nov. 1853.

possible now, yet, on the faith of an arbitrary standard of value, above or below the market price of the commodity composing specie, and simply of any commodity being ordained a legal tender, the effect would be, as it always has been, more detrimental than beneficial to the general weal; when scarce, injurious to the lowly, and an incentive to political changes, and when abundant, not shared by annuitants, the titled, or noble, who can have no part in the getting of it. A commodity of presumed equivalent value, given for any other article, cannot be properly considered a medium of exchange. The real tender and most equitable medium of computation is an accredited voucher of foregone concluded bargains legally dischargeable of value, in corroboration of which, witness Australia, with its golden mountains and valleys, its incompetent currency, and practical repudiation of the standard, where, in the absence of Government Colonial Banks of Issue, as herein represented, it were well at least, to ordain that the notes of the Australian commercial banks should be redeemable in gold at the market price, and colonial tokens of 1, $\frac{1}{2}$, and $\frac{1}{4}$ oz. of specific purity, be assayed and stamped for circulation, though this would authoritatively invalidate the standard, which cannot be much longer sustained at any rate, and rather than the value of all property, at home and abroad, should undergo a great revolution, involving the circumstances of numberless parties, through the absolute depreciation of gold or money, consequent on the overflow of gold, which that measure would in a degree confine to the metal itself, rectifying its effect in Australia, and fitting it for distribution over the wide world. It were better also, to indemnify the owners of the yet moderate stock of bullion we have at home, any difference between the standard and market price, and abandon the artifice standard timeously, than

in the long run, after being compelled to abandon it, with tenfold the quantity of gold in the Bank of England coffers, having to indemnify the owners after all; and it will fall to the working classes and the aristocracy to pay it, as we have shewn, making exception of the commercialists. This is not a mere assertion. If any one has read the foregoing pages thoughtfully, he must believe this: the sum of indemnity now may be ten millions for all the gold in the country—what if it soon amounts to hundreds of millions. But all this injustice would be prevented by the very system here proposed, although to keep up the rate of bank profit hitherto smuggled from the public, the rate of discount became doubled for a time; whether or not, one thing is clear, that delay in adopting the proposed principle will serve no good to the public. Already after deduction of insurance, freight, and commission, bullion converted into the standard yields a profit to the importer of 18 to 20 per cent., and the traffic being mostly in the hands of the agents for bankers, that party may try to dissuade the Government from taking any equitable steps, which would early prevent this purloining of 20 per cent., besides the rate formerly shewn up, which will be a difference of fatal consequence to trade, whilst the currency remains as it is. Henceforth nations can only avert continual monetèry vicissitude and ultimate decay, by adopting National Deposit Banks of Issue, to sustain permanence of value in acquired property; everywhere they are entering on a transubstantiating existence; their legal tender henceforth, must be their respective unit intigers of computation, in accredited vouchers for value, of foregone foreclosed terminated transactions; in short, National Deposit Bank Notes must become the standard of value, the legal tender and medium of exchange, for all nations and com-

munities, allowing gold to find its level with other material substances; least by leaving the measure or standard of value, subject to the modifications and vicissitudes of a commodity, all acquired value become as unstable as though still exposed to the fluctuations of the market wherein it was realised. These opinions are born out to the very letter by advice from Melbourne, published in the city article of the London journals of the 6th November, 1853.

A little consideration might convince most persons who fancy that these metals ought to constitute the standard of value, that they cannot fulfil the purpose so well as such a computative paper currency as we have stated; in fact, nobody heretofore ever thought of a deposit paper currency constituting the desideratum. We rather think the most celebrated writers on the question have apprehended a want of check to issues, and got bewildered in search of a basis; neither the deposits or the issues of a National Deposit Bank can be multiplied beyond the sum of those determined foregone concluded transactions which gave birth to them; and in this age they will first be founded on the acceptance, deposit, and transmutation of a previously existing currency, which somebody would have to redeem, though less just than these notes of the proposed National Deposit Bank, which may be compared to the tested precipitate of a faithful alembic, as imperishable in credit as the nation which adopts the principle, whose stability and unity they will materially insure and promote. Whence come they? No counterfeit dealing whatsoever can add one pound to the deposit capital; therefore the notes of such a bank will always be of the value expressed by them, being both the sign and the value signified, their origin being supremely more legitimate of wealth, than the issues they come to supersede,

and as the bank must ever eschew all operations of chance—that is to say, whatsoever its capital may be applied to aid, in the absence of a public debt, that purpose must be of public utility, and secured to it by the revenues of the object being held in monopoly, if need required it. Therefore its emissions would regulate as by a pendulum, the value of money, and the more speculative issues of commercial banks if they still continued to exist; but in no particular manner would they interfere injudiciously with the proper business of these banks, neither with their rates of interest, discount, exchange, or commission. Yet it would not be in the least improper to transfer to this national bank the business of the money order offices, now connected with the post-office department, together with their staff of clerks &c., it being evident, that throughout the country this department is outgrowing its relationship to the post-office, and more fitly belongs to the business of the Savings' Banks, which, it is unnecessary to say, we would merge in the new National Deposit Banks; doubtless, wherever it could be arranged, these bank offices and the post-offices should adjoin each other for the public convenience; still we refrain from details at present not needful to enter upon. It will here however occur to the minds of our readers how much we must depend in part upon a paper currency, from the increasing recourse by the public to these post-office orders, and to postage stamps as a medium.

Although the Bank of England, as a commercial money making company, can never control the currency of the country, its admirable management of the public debt hitherto, has been beyond all praise, and with that this bank would not now require to intermeddle; and although the large amount of public stock which may be presumed it would hold, would turn a very considerable

sum of the quarterly dividends into its possession or trusteeship, for its constituent depositors; all this is but matter of easy adjustment by good book-keeping and the financial care of the directors.

One advantage of the institution would be, that its capital would be more easily accessible to its owners, than by the present method; but powers of attorney would be needed in administering for deceased depositors. The quarterly dividends might be invested in stock, in name of its trustees, so long as it could be bought at or below par, and if the deposit fund still increased it would be by the gradual improvement in the state of the nation, and as a people to higher degrees of happiness, and by the continued voluntary transmutation of the remainder of the public debt, into the more available deposit capital at 3 per cent. interest. After which stage, or previous thereto, it might be required to make public advances, and guaranteed with 3 per cent. interest. Other associated or chartered companies would still have their own funds to do with as they liked; and if it were to be—excepting the Bank of England—the exclusive Bank of issue, which may not be of much importance either to recommend or insist on, there would be no harm, and probably the more good would flow from it; as the first M. Rothschild is said to have recommended. But of its nature, in other respects, he was not asked, and report does not state, what powers the bank he advised should exercise.

On the score of economy and revenue, we have already hinted at the advantages of the system. The present Savings' Banks being merged in the National Deposit Banks, the annual amount of interest on that capital, whatever might be its sum, we are certain would be entirely saved by the operation of the optional rule of credit al-

ready stated. It is so in commercial banks which do not give interest on deposits for nothing; and as the new banks should be without restriction, in receiving any amount of deposits, merchants' balances, and moneys appertaining to whomsoever availed themselves of these establishments, we may reasonably suppose that the discount from loans on liens of deposits would amount to many millions, in place of one, of which we are quite certain, as proved by the transactions of Savings' Banks. But we question whether taxation notes, as some have recommended, would either float as a currency, or yield a revenue. Does not Government pay its obligations now by bills, and drafts, and cheques? And it is inconceivable to us, how a revenue could be conjured to a party, by or from their own returned bills; and exchequer bills, except the smallest in amount, are at a discount, though bearing interest. If Government ordain a paper currency, it can only be in the way we have stated it. Then, indeed, would the emissions prove of public utility and service, infallibly; for in times of difficulty a national debt is considered as something abstract, to be, if possible, got rid of. But a deposit fund is well known to be every ones interest to protect and support, though both be nearly analogous. What a glorious spectacle would not the British Isles present to surrounding nations, if by the institution of such a system of monetary circulation, we were seen annually reducing the amount of that enormous debt which had been contracted in the ardent desire to maintain what our forefathers had considered was the defence of order, and we were every day becoming more and more relieved from its pressure, by such a system as this, and the better prepared to enter the peaceful field of commercial competition with nations whose condition of non-indebtedness we could not otherwise hope to rival.

Rivalry on our part with any of them, in cheapening the common products of the soil, is clearly impossible, for in these the rude savage can undersell the most skilful cultivator, and inasmuch as partizanship amongst ourselves, aiming at impossibilities, has vitiated the policy of our domestic reciprocity association, and even renounced our nationality. We may judge how far the entire produce of the British Isles would go, towards defraying the public burdens, exclusive of rent, if our native market price for them were reduced to their price in Poland, Russia, and such like countries, where the peasantry are bondsmen, cloathed in sheep skins, and wholly uncivilized; at least unused to the requirements amongst us, of which countries the special commissioner for the *Morning Chronicle*, writes from Piaski, near Warsaw, on the 16th October, 1851, stating "immense supplies of wheat could be bought here for 4s. 6d. the quarter," whilst in England, this last autumn, 18s. had to be paid for reaping an acre of it. Spencer in his travels through Servia, Boethnia, &c., says: "live stock of all kinds may be got for nominal prices; high bred riding horses, 80s.; cows and fat bullocks, 10s.; full grown swine, 1s. 9d.; turkey fowls, 1½d., &c.*"

From this it is very evident, that importers of all sorts of farm products, can let go a long way under present prices; but they are in no necessity of being in a hurry, so long as they have the forestalling of markets. A regular contributor to the *Weekly Despatch*, rejoicing in facts like these, thus writes:—"Property must soon spontaneously offer to take more of the burden of taxation upon its shoulders; it has skirted its fair share too long;" and in another place, anticipating the time when.

*The highest price obtained for the mules in the Crimea, on the departure of the Allies, was but 4 francs, and for good horses less than 20s.

the fatal policy, now prevailing, shall have worked up the last sixpence it could draw dishonestly, from the generosity and endurance of its victims, for the particular benefit of its friends, he would eschew the consequences by the sneering insinuating assertion, that "realised property is a fixture, and makes a fixture of its owner, and industry can take itself out of that; even large capital, embarked in manufactures and trade, are comparatively moveable; the soil alone cannot run away, what now gives it worth may depart." We thought the object of free trade was to realise fixed property, and maintain it! and that here its realisation was as easy and its value as safe till now, as in any part of the world. Let us hope, however, that long ere this country shall find it impossible to derive income from rent, or before mortgages and taxes shall swallow up the reversionary profit, sounder views of political science will supervene, and when such as disrelish or dispute them will take themselves away. Suppose that the whole agricultural classes, landlords, tenants, and labourers, together with all the United Service commissioned officers, also the civil servants of the state, including all annuitants, public and private, were put on an expenditure of 10d. per day, as Madam Felinska tells us the Khans of Tartary are, or that the fair fields of Britain and Ireland were as incapable of affording rent, as Spencer tells of Belgrade, and almost the whole of European Turkey, from the extreme low price of commodities there, what condition would the British manufacturers of thousands of wares be reduced to, together with the large host of tradesmen and shop-keepers, in every town, holding depreciating stocks of all things, dependent on the home demand for them. The idea is less preposterous than the notions propagated continually, by the obsequious contributors to a ribald press, having its columns suffused or

saturated by the mildew of detraction, from whatever is disinterested and good in our country, certes, the very imports brought back in exchange for the exports of manufactured goods, and requiring in many cases great modification for adaptation to the purposes of civilized—not to say of refined life—would never yield any profit; hence a glut would arise, till such things would not repay their freight, if the hoof of barbarism were thus to retrogress every species of improvement, and our exchanges at last consisted of copper coins and old clothes, which is much the case in the countries referred to. To appearance we have arrived at the beginning of the end, for perishable goods spoil by keeping. In the article on the money market, in the London papers of the 6th November, 1853, it is mentioned, that “no less than nine provision merchants, in the City, had failed the preceding day, by the depreciation of their stocks on hand, and a shortness in their usual sales, three or four of them leading houses, whose liabilities will prove very extensive.” It is so difficult for a man of the world to conceive that these publicists are really in earnest, in what they inculcate, that quiet thinkers are apt to err, by charitably supposing the writers of such articles, have combined in a grand confederative but hazardous wager, how far they could impose on the credulity of the multitudes in large towns, *mais renevons nous*.

Would that those who demand the abolition of necessary imposts, studied the mode of retrenchment and equalisation herein stated. In what better way can they effect their purpose, than by backing so benevolent a scheme as this which we propose. If they have no tenderness for such as they consider superfluous consumers and sinecurists, wasting those taxes which are wrung from their well-earned substance, why will they not take pity

on themselves, and join in demanding the institution of a faithful and equitable measure of value, by which alone they can have their taxation graduated and equalised, and by which only, every one in degree, shall have the possibility of well-doing in his power. In this consists the only true fraternity: in nothing else is genuine socialism and citizenship: all other means of social amelioration are visionary while this is left defective; and none can deny it is so. However industrious men may be, it is no solecism to assert, that under such a down-draught as now prevails, frugality and industry are virtues akin to folly; and the utmost retrenchment on the part of government can be of little or no consequence; whereas, under a well-regulated monetèry system, as herein expressed, it would become a question, whether any excess of taxation were a grievance or not, for its reflex would reach the condition of every man, and of which all would participate; as according to Euclid, "Things then being equal to the same things, would be equal to one another." The deduction we draw from a general view of the subject is the following. Bullion will ultimately accumulate in England whether we adhere to the present standard or not, being brought hither to acquire its highest value, and for safe investment, and to be drawn against for goods bought in the cheapest market, on account of other parties than the remitters, many of which orders will be fulfilled abroad—all of them in the cheapest market—and drawn for on London, the invoice amounts either remaining here at the credit of foreign bankers, or remitted by drafts on continental cities, our manufacturers toiling for that which profiteth not, abiding as hard-up as ever, if the standard be adhered to, and our public burdens continuing undiminished; foreign raw material becoming enhanced beyond the power to manufacture, in consequence of gold per-

colating into other and rival countries, at its natural value, more of it being given for the purchase of produce or unwrought commodities than our traders can afford, its standard price here merely giving an ephemeral impulse to constructive property, for a short period, ultimately depreciatory to capital both old and new. The duty of 2s. 6d. per oz. imposed on the export of gold from Melbourne will have this tendency; and should British specie be needed in an emergency, to buy foreign grain for our domestic consumpt, its exchangeable value would only purchase about three-fourths of its standard price, raising the cost of the people's bread to a famine rate, and this supposing the Bank of England did not protest against giving its obligations for gold coin at £3 17s. 10½d. per ounce, and that the price of gold plate could remain at its present value, two things very unlikely. It is evident our jewellery, plateing trade, and other like arts would decay, unless a bounty were conferred on them to counteract the standard, besides the paper currency remaining as it now does to fester the distemper. Foreign contiguous countries have much independent intercourse together, without us; and the habits of producers in tropical climes are so simple, and their social systems so opposite to ours, that a stationary period with them is one of relaxation merely, and of maintained position, but to manipulators here it is ruinous; impulsion is first felt by the latter, the former can longest hold out against a vigorous prolific world, which borrowing to sustain stock cannot do, whichever condition is most natural needing least artificial propping. The manufacturing interest may ere long, raise as great a clamour about this standard question, as it did on the corn laws; and why should they give one-fourth more in goods for money, than they would have to do if gold were left to its market value; they may remain yet

satisfied a while, so long as the existing monetèry system gives to the bank shareholders among them, a profitable drawback of the interest on the public debt, but as soon as the deluge of gold overwhelms that point of 3 per cent. recedes that much in price elsewhere and affects prices, so that specie must either be used here at its standard value in Gold and Silver plateing &c., or become a dead weight, yielding no interest, they will exclaim, "let us float together, on the buoyant lotus raft of a National Deposit paper currency; fully satisfied we are, that neither storms or calms can effect those that trust themselves to such a principle, rather than to the most ponderous of all commodities." A Manchester paper, of the 18th December, states that "in cotton yarns and cloths there has not been a large business doing, but prices here have receded beyond what was warranted by the state of the cotton market," of which state the *Liverpool Albion*, of 20th December, reports as follows, commencing its remarks with the corn trade, viz.:—

"In the interim, a sudden import of corn into this country, at prices greatly in excess of those ruling within the last few years, will derange all our monetèry operations; the average annual imports will be condensed within a short period, and at much higher values, giving no opportunity for our export trade to increase in an equal ratio; and large exports of bullion will, in consequence, be required, to adjust balances against us.

"With all the increasing wealth of the Australian colonies, and the extensive emigration thither, so greatly in excess of former years, it will excite some surprise in our readers to learn, that the export of our cotton manufactures, to those colonies, as appears in *Burns's Monthly Commercial Glance*, of this day, is less this year than in either of the three years preceding it."

Again the same respectable paper states.

"The market for cotton wool has been much firmer, and prices of current qualities of American have advanced $\frac{1}{8}$ d. per pound; the re-

ceipts are on the increase, and until they show some cessation, must be taken as indicative of a heavy crop. The imports and prices of 1851, comparative with 1852, are:—

1851.		1852.	
Bales, 1,708,582.....		Bales, 2,064,450	
Prices of New Orleans, $5\frac{1}{8}$ d. per pound,	 $6\frac{1}{2}$ d. per pound.	
“	Mobile, - $5\frac{1}{8}$ d.	“ $5\frac{7}{8}$ d. “
“	Uplands, - 5d.	“ $5\frac{3}{4}$ d. “

In the grain trade the author believes there will be a crisis ere long, because the present holders can have no monopoly; and the abundance of money will lure others into the field unburthened by old cargoes and obligations, and unlike cotton, its cultivation being without limit, dealers may be made bankrupt through plenty, although this may not happen till some time after the ensuing harvest of 1854, or be averted by war.

The fact is, the great export of bullion which has hitherto kept down its accumulation here, is to pay for manufactures and grain, bought in a much cheaper market than ours. No less than 800 grain laden ships were detained in the Danube till 1854 by the obstruction of its navigation. But that is only one source of supply, and less abundant than many others.

It is possible for nations to be in error, and however cleverly many of the free trade journals lead the van of public commotion or opinion, in this country, the most reputable of them may have cause to regret it. We can now detect them as if unavoidably confirming the view of our position, given first in the pages of this essay three years since. The *Manchester Examiner*, of the 29th December, in reviewing the trade of 1852, explicitly states that our exports for the preceding ten months were not equivalent to our imports, but, like Barnaby Rudge's crow, it will “never say die,” accounting for the great rise of prices, over a long list of products, ranging from 20 to

100 per cent. within a few months, exclusive of bread stuffs, (although the quartern loaf is 25 per cent. dearer than it was three months ago,) by the incredible conclusion, that because in a few cases wages had advanced, our merchants were, in contravention of their calling, or by authority of the labouring classes, who now scorned the cheap loaf, magnanimously granting foreign producers without solicitation, above what would have contented them, which is a new doctrine certainly, as though the power of improving position were insanely exercised to frustrate the attainment of so honourable and coveted an end. The same usually able paper, of the 5th January, in a leader on the prospects of 1853, candidly admits its philosophy is at fault, to predict good or evil from the present commercial policy—but why this doubt?—recapitulating that the average monthly consumption of cotton wool, had been upwards of 3,000 bales less than estimated, and yet it gives an opinion oddly, that “the origin of wealth is the savings of frugality, inherited, and of superior skill.” If such be the case, what are the public to think of half the newspaper press in the realm, which continuously decries the high value attained in our own country, by material culture; the proceeds of which have been generally and absolutely applied towards promoting amongst ourselves whatever is beautiful or useful in nature and art, and have always yielded a graceful acquiescence in, and a cover to the safe embarkation of hope, on the voyage of human progress. The *Manchester Guardian*, a contemporary paper of the same date, seems tacitly to wish its readers could entertain an assertion put forth in a lengthy extract copied from an American paper, declaratory that the Liverpool brokers had rigged the market, but we guess the compliment to the good sense of the Manchester people will not prove agreeable, neither

are they all of one school. The latest accounts from Belfast, Dundee, &c., relative to flax, declare, "since flax reached its present high price, the demand for it has greatly declined, and consumers are now only buying trifles, to meet immediate wants, and, as our manufactures have not risen in proportion to the raw material, the feeling, as to goods, is in favour of lower rates." The advance in metals has been unprecedentedly great, with no comparative increase in wages, iron having risen from £5 10s. to £15 per ton in less than four months. It is not the author's purpose to compile a volume, but he cannot leave this part of the subject without referring to the state of the woollen trade, as detailed in the *Leeds Mercury*, of the 8th January, which gives consecutively, reports from six or eight of the chief towns, all in the most doleful strain, harping on one string, the enhanced price of the raw substance, and the inability of getting profits, or even sales, at any sacrifice. Such are and ever will be the derangements of commerce, until a proper monetary principle shall be adopted. At the instant these words are penned (Decr. 1853) the money market in both hemispheres is beginning to tighten, and considerable distress may be looked for, in the midst of plenty of every sort. The monthly official returns of navigation and trade, published on the 5th January, declare to a falling off in shipping, but seem to refute the foregoing statements, as to trade; it is not our mission to make up the hash which the opposite statements present; to put our opinions on the single subject of the currency on record, being the limit allotted us, and beyond this declarator, any ulterior movement on the question, must rest with the public or the legislature. But were we required to furnish a form of prospectus for a purely Commercial Banking Company, on improved principles, it would be

in terms such as set forth in the appendix to this Essay, and which might be confined to any locality of sufficient importance as could independently maintain such a bank.

For our own part we cannot conceive why the government should not introduce this measure of monetèry re-reform, in place of intrenching itself behind ancient formulæ, pleading that innovations befit only an opposition, until an overtaxed and erring people have had their thoughts diverted so steadfastly to a wrong object or a wrong course of relief, as to endanger the most venerable bulwarks of our valued constitution. What else but this that years ago swelled the cry for the abolition of the House of Peers, and the substitution of the "People's Charter." How much better, and how preferable in public opinion would it seem, for government, upon the proof of such evils existing in the monetèry circulation of the country, as must be admitted there is, to institute the better principle without more delay. A wise and paternal ministry will not suffer the craftiness of the few to elevate themselves on the depression of the many, or the opinions of the town-bred rhetorician to bear the bell and sway the senate, right or wrong, perchance, least the titled and propertied classes be stranded by the tide of more impartial institutions in other lands, and the nation fall behind in the estimation of mankind, or its chiefs become as despicably noble as the leaders of a troglodite race, inhabiting a sterile wilderness. It is evident that the destitution hitherto so very prevalent among the masses of our well disposed labouring classes, is as clearly referable to an unjust monetèry system, as to any defect of education, of character, or capacity, for rendering material nature subordinate to their wants.

The heaven-born principle, of which the preceding pages give but an imperfect definition, may be termed,

the reduction to a practical theorem in political economy of the universal inclination to possess means to an end. It unfolds an inexhaustible source of voluntary revenue, with a continual inducement to the moral and physical improvement of individuals and nations, applicable to all communities. It comes in the fulness of time, to supply an universal want, and we dare not withstand it, if we have any regard for justice; as inheritors and trustees of a civilization not of our own acquiring, we are accountable to futurity for its perpetuity and progress; we are not at liberty to meet barbarism mid-way by sacrificing any one interest of price or position, for in so doing how could we attain to the measure of refinement which revelation has presented to the aim of mankind; and when we hear of the cheapness of living in other lands, where rent and paid labour are unknown, or tithes, church rates, poor rates, police and prison rates, tolls, pontages, and a public debt, we must not assume that a state of political and social refinement is essentially purchased at too dear a price, or less desirable than a state of nature. The chief point to be attended to amongst ourselves, to render these charges lightsome, is, "that other men be not eased and we burthened." As for taxation, the Divine teacher of mankind never yet instructed for that end, that the privilege of fishing in strange waters should not contribute to the revenue of the adjoining state to which they belonged, and although he shewed, and common sense inculcates, that duties on foreign imports are really borne by the party imposing them, and not by the stranger, nevertheless such duties to a degree double the aggregate rate of taxation, in any country, become indispensable on foreign imported products, indigenous to native cultivation, as an equitable distributive principle, for bearing the public burdens. And as the sufficiency of supply in things need-

ful to common life is the main consideration, and that is never frustrated by a high price; with a duty no more than warranted by Divine authority, its cost can never be excessive, otherwise it must be for great equivalents. This then seems to be the rule for our adoption, there are thirty millions of our revenue based upon price, or rent, and income, in this country, and although territorial income from farming were wholly extinguished, and serfship took the place of the present race of yeomen, taxation would be no lighter, but the reverse; indirect taxation, accordingly, in the above sense, and to the foregoing degree, is sanctioned by the example and preference of the incarnate Deity, even on articles of prime necessity, proving that freedom of trade, though wise and beneficent, is deserving of being paid for, and can well afford it also. Finally, let it be observed, that the study of influences which is akin to that of essences, introduces man to the society of principles, which by the omnipotent disposer, have been placed, from the beginning, as an army of ministering spirits, at man's behests; and as if now for the first perceptible, becoming enlisted and sworn to yield obedience to their mover, are nevertheless the cause of inexpressible evil, if applied injudiciously, their momentum becoming undefinable and uncontrollable; for this reason, how important it is that—

The minister of a great nation should, like the scientific chemist, carefully study every change undergoing in society, caused by the introduction of any fresh elements, so as to secure, to the body politic, the fairest and best characteristics, the most desirable and enduring benefit, to the entire community. And for one or two generations, a transient period of great comparative happiness did really exist in our country, in which pauperism was unknown, when in the meanest cottage the meal gernal

was never empty, the rather well filled, and the rafters of the farmer's home bent under the load of dairy produce, and with the delicious preparations from the "winter mert," equal to anything that Parma or Bologna ever produced, the only drawback in the picture being the want of "Gandy's designs for cottages," but which a Gainsborough or a Moreland would have preferred without; and had not the good and evil of by-gone manners been hastily rooted up together, in the zeal for innovation, the objects sought to be attained, by "adding field to field," could have been better accomplished by the merest alteration in the mode of tenure, especially in Ireland, where the most improved method of farming might yet be rendered perfectly consistent with the maintenance of the whole population, still subsisting everywhere on any property.

Before the present exodus commenced in the sister island, the population of the two largest counties in Scotland, had diminished ten thousand below the enumeration of fifty years preceding; Glens and Straths, which formerly numbered forty and fifty hamlets of happy independent families in each, are now become abandoned to pasture the beasts of the field, and where the foot of man is not suffered to pass through. The necessities of landlords having so circumscribed the former privileges of humanity in these lovely valleys, that to live there under permission has become next to impossible, without incurring the crime of felony—the hare may devour every blade of cabbage in the garden, and wild fowl take the place of the prescribed poultry, or the lake and river may teem with the finest of fish, but the command is, touch not, taste not, meddle not. All this and much more, has been charged to the *cupidity* of landlords, most erroneously. War had demanded immense subsidies, which

providentially were met by increased rentals from a corresponding advance in prices, and the appropriation by the landlords of many rights which had never been claimed by them before, and the country prospered in despite of the fiscal drain upon it. During that period, and since then, capital applied from time to time in the purchase and improvement of land, yielded no more than the public funds, 3 and $3\frac{1}{2}$ per cent. being the utmost benefit afforded to any proprietors in succession, the aspect of the country was no doubt improved, but is this for shame to be decried; indeed the funds yielded a much higher return in those times. The country party had to go forward; fencing, ditching, draining, and all begun improvements requiring continual renovation, and they had good reason to hope that no administration would relinquish, by any measure of policy, the high position which the value of all property and wages had obtained, compared to their counterpart elsewhere, in countries over which the hurricane of devastation had passed, and might pass again, only our arithmetic was superior. It is a remarkable fact, that notwithstanding the security enjoyed in this country, and the many unfair advantages falsely ascribed to agriculturists, above those possessed by their fellow subjects, scarcely an instance is found of a single foreigner or a Jew having become a farmer, either in Great Britain or Ireland, although many men, natives of every European nation, are found engaged in every other department of business throughout the realm.

One great error our aristocracy did commit, in suffering their indolent or ignorant agents, to apply to Ireland, and to the Highlands, the same system of rural economy as obtained in the wide plains of the south, and they have accordingly lost much of their rightful ascendancy in proportion to the decimation of the rural population, who

betaking themselves into the large towns, where they had no kitchen garden to fall back upon, when money failed them, and their children had no fairy knowes or streamlets to love, their previous patriotism they felt, as they bore their bereavements, had assumed the form of a weakness to be suppressed within them, especially when they beheld the detested and huge bastile poor houses provided as their last resort, from starvation, at thought of which the worst natures recoil; but there was a better way had it been followed, to which the physical aspect given by nature to our country, will yet compel a return, for the Highlands and islands must be well peopled, or wholly abandoned, and a single winter of such severity as we have experienced there,* will shew the necessity for this, the mutual co-operation of neighbours to save the life of man and beast, and many a haugh and alluvial incline, which formerly supplied food for families, where the crop was bountiful and early ripened by refracted heat, from the surrounding heights, will again be sown and reaped in ages to come, though now only giving sustenance to some wandering quadrupeds, for of what value is a realm unpeopled.

It is recorded of an eminent ruler of ancient Egypt, that after a famine of seven years' continuance, he placed the pauperised population in villages, and supplied whatever seed, and other means of cultivation were necessary, and exacted the fifth part of the produce or its value, for rent and charges of every sort; no doubt he prescribed the rotation of crop, and best known mode of culture. And may not the highest attainable improvement in arts and agriculture, be consistent with the retention on every property of all who have previously lived on it; and

*So great was the fall of snow in April, 1853, in the north of Scotland, that it was piled in mounds 6 feet in height on the streets of Aberdeen; and at a latter date was the cause of several lives being lost in Wales.

more so certainly, if high farming be most productive, the better should the country support the former number of inhabitants. Why not distinguish between a conacre and a copartnery system? Why may not the proprietors of Highland, of island, or Irish estates, therefore, combine high farming with the maintenance of all their former tenants? Perhaps in ignorance of the precious value of these currency lads and lasses, (an Australian term) they may answer, What is man, that we should be mindful of him? But landlords of such properties have only to make known to their poor and lowly tenantry, a plan such as the following:—That it was henceforth determined to have all the arable and improvable land converted into large and enclosed fields, to be cultivated in the future according to a prescribed process, which would be specified to them, and superintended by the landlord's steward or ground officer, that whilst each tenant would fulfil a portion of the labour on a space equal to what he and his confederates had separately held, aided by his family, his dividend of the produce would be proportional, or according to his household, and the labour afforded, allowance for all such aid, personal or animal, to be made between the co-tenants themselves, as well as deduction for the rearing of whatever live stock they possessed, the whole of which would be subject to a general rule as respected feeding and treatment, insuring their fitness for market. That the entire produce of the united farm, after the various deductions of rent, outlay, public burdens, and allowances, would be devisable among the co-tenants of the hamlet, which could be easily arranged, as was wont, when the flocks and herds of a village were all pastured together; and the miller was left to jumble and again divide, the various portions of the various cereals sent him for kiln-drying and grinding, from twenty to fifty

owners. In the present day, a range of very substantial cottage residences, including a *pro indiviso* share of farm buildings, also embracing a supply of pure water by gravitation, with every modern convenience, can be erected for a fifth of the expense which they would have cost twenty years ago, especially where the chief materials, stone, lime, timber, and slate, are on the property; uniformity of dimensions in doors, windows, and wood work, very much reducing the cost, without in the least necessitating similarity of external design. How easy to erect a water tank of hewn stone slabs, near any spring, and to throw over the spring a few loads of gravel, taking care that the water shall percolate through it towards the fountain, whence it may be conveyed pure and limpid, by gravitation, through either wooden, leaden, or iron pipes, to supply a large village, and be brought into every house. But of all things conducive to the general comfort of families, to the generating of kind affections, to equanimity of disposition, in short, to renunciation of the beer-house, and to progress in civilization, there is nothing of so much importance as a well-formed fireside in town or village, in hall or cottage, even though there be little else to cheer; a suitable, well-constructed kitchen grate, with oven and hobbs, to sit low on a goodly hearth, of sandstone, or fire-brick, adapted for a turf or coal fire, should be supplied in every human dwelling by the landlord; and a kitchen dresser should be another fixture in each home, enclosed in front, and having a couple of drawers, and a bunker for a limited supply of fuel at one end. In the window recess of every kitchen or one-roomed house, there ought to be a cast metal trough or sink, with hinged deal top, having the supply of water led to it by a pipe, and crane, for use as required. A water-closet might be placed in some corner of the domicile,

and the same drain would suffice, with or without a cesspool, to carry off the soil, and water used in culinary operations. Each dwelling might be entered by a separate lobby, the extremity of which would be back a convenient degree, across the breadth of area occupied by the door of entrance to the house, the remaining space beyond the termination of the lobby, would constitute a recess within the chambers on either hand; and by dividing it with another cross partition, a space would still remain, sufficient to form a bed-closet to both rooms, right and left, which if neatly enclosed by pannelled doors, would leave the chambers to appearance free, whatever other dormitories might be needed. Such cottages might be built in rows of half a dozen, having behind them, in like extent, the farm offices, lighted under one roof, with an interior access through the back wall of the kitchen or single-roomed house, most useful in a climate like that of Ireland, and the West Highlands. Supposing the byre to adjoin the dwellings, separated by the communication wall, the off side of it should be without stalls; these to be ranged along the opposite wall of the byre only, and the side next the cottages reserved as a corridor, its floor raised a few inches, for the keeping of dairy utensils, &c., the stable should be beyond the byre; and then the barn and thrashing machine, the straw yard, the piggery, and poultry shed, &c.; above these there might be lofts for grain, roots, fodder, hay, &c.; a corner place should be chosen for a boiler and water pipe, and a single central interior opening should lead from the byre into the stable, barn, and other premises into the yard beyond; besides, a door should be at either end of the byre, stable, and barn, for the entrance and egress of cattle, &c.

Substantial homesteads, such as these, having door

and window facings of dressed stone, slated roofs, lathed and plastered ceilings and walls, boarded floors, together with a suit of farm buildings, *in cumulo*, and every conceivable improvement, can now be erected for £50 each, or six for £300, where the materials are found on the property. The proposition involves less than would be insisted on, by every single tenant of capital who may be supposed to rent a similar extent of ground as the lowly co-tenant farmers of such hamlets would require to rent, whilst the system would be infinitely better for the proprietary, and the strength and security of the realm,—and a great relief to such towns as Glasgow, Liverpool, and Manchester, from fresh immigration,—than the weakening and depopulating system now proceeding, which if persevered in, will most certainly crop down every advantage that the landed interest and the community inherit, until it be too late to retrieve the mistake. Grouse and red deer confer no political influence, they are at best a precarious unreliable, foible.

Rather than such gracious changes as are here signified, should not be adopted, profitably as a speculation, and investment by proprietors in our country, the benevolent transmutation might be effected through the aid of a charitable association; an annual subscription of £60,000 for four years, to defray the interest of two millions of Exchequer Bills at three per cent., would accomplish the renovation of all Ireland, so far as to obliterate every trace of those Hottentot kraals and Indian wigwams, which now cover to disfiguration the fair face of that “beautious isle and plenteous,” and in their stead substitute befitting homes for all requiring them; and if once done, it were done for ever. Reckoning each family to consist of seven persons, 40,000 such homes for ~~288~~ 280,000 souls, could be provided the first year; and when erected, capitalists

would be found to advance the landlords, if they required it, the prime cost on their security, and the government advance be set at liberty, to erect a similar number of dwellings the second year, and so on. We have supposed, that the poor tenant could not pay the thirty shillings of new house rent in addition to that of his former land rent, until he became benefited by one year's superior crop, when we leave him on his feet.

The mighty efforts now made by all denominations of Christians, to improve mankind in foreign lands, would not be kept back, though a sum were spared for the scheme here suggested, such as several Missionary Societies collect yearly; and it is hoped, it only needs that we suggest it, to raise some such agency to the work. In four years there would be, by the method stated, substantial homes provided for 1,120,000 human beings, if such were really needed to replace the wretched abodes we see on all sides, wherein it is next to impossible that soul or body can enjoy one ray of happiness all the days of a long life; "your preaching is vain, ye are yet in your sins." Men of Britain, if ye any longer suffer such humbling sights to disgrace your nation, as these savage dwellings assuredly do, breeding every pestiferous influence against yourselves and your own posterity, alas for the people whose leaders see only the need of covering and carpeting the steam engine room from an inclement sky and dusty floor, and suffer the living tenement, which incases the immortal soul, to endure the rude blast and the pelting hail, and the want of stimulants to its renewed activity; in fact, systematically depriving it of the slightest surplus support which might enable it the more aptly to fulfil the great purpose of its formation; but the squirearchy, and municipalities of our cities, seem to vie with their neighbours, which shall have the most stupendous jails and work-houses.

A particular training is necessary in the academy of providence for that mind, which would guide the actions of multitudes from a state of comparative barbarity to one of order and happiness,—a knowledge of the appliances and modifications of matter, the way in which surrounding organic substances should best be operated on; the precedence they do claim, so as to procure from them priorly, the most requisite immediate or vital benefit, to the party also engaged in bringing to maturity the more remote results. Where little or no foreign aid may seem, in the form of capital, there will be certain elements to deal with. On these must the energies be all impressed antecedently, or orderly, as the most essential to the sustentation of the chief, as well as communal condition; those primary occupations are neither so numerous nor various, that they cannot be guided by a master mind, their precedent arrangement being of the first importance. Such a study well befits the heir or successor to extensive property: such considerations as these, should be deeply rooted in the minds of statesmen, and the trustees of great inheritances. Properties like the Martin estates, in Galway, or the island of Islay, afford royal opportunities of exemplifying, how pauperism may be evicted instead of the people, and the blessings of civilization be made to “gladden the bleak mountain, the sequestered glen, and the lonely islands of a stormy sea,” by every wind and from every point, provokingly proclaiming to the Jew, that his occupation is mere inanition and blind inconsistency, the longer he continues a denizen in other countries, than the land of his fathers, and that he is contributing like a fool, to sustain and promote the progress of every nation but his own. That he is voluntarily an alien, an exile, and a foreign taxpayer, that in coveting corporate privileges, with the communities amongst whom he dwells,

he unworthily mistrusts and belies the promises; nor will he ever inherit them, till he learns, he may as well be a taxpayer or administrator, in the "glorious land," as elsewhere, with his obligations and privileges, such as he covenants for. That land, which invites his reinfeftment and return, to possess and enjoy in the finest climate, and position in the world, illimitable advantages for the acquisition of wealth and power.

42 MACASLAN STREET,
GLASGOW, 20th August, 1856.

APPENDIX.

DRAFT PROSPECTUS OF A COMMERCIAL BANKING COMPANY ON IMPROVED PRINCIPLES.

THERE is doubtless no nation in the world at the present time that has made greater progress of late, than this, in the manufacture and trade, of so many requisite staple substances of human art and industry, and where so little care has been taken, to perpetuate or secure the continuation of these palpable benefits, although all history teaches the fickle and transitory nature of commerce.

Many years have elapsed since the formation of a sufficiently comprehensive Joint Stock Bank in this or any country, and the trade and commerce of the nation meanwhile having advanced with giant-strides, it is felt high time that a new and distinguished Banking Company should be formed commensurate with the requirements of the age, and affording to the many who have of late years entered upon the various walks of business, such facilities and advantages as *they must possess* in order to success—and as those enjoy who, in former years, availed themselves of the opportunities then afforded of becoming allied, as shareholders, in such associations, upon primitive terms—conditions now more than ever imperative upon all engaged in any industrial pur-

suit, as well as those who repose on their own capital; for, it is an established truth that, in proportion as knowledge and civilization advance, the rate of profit on commodities, &c. diminishes; and hence the propriety of aiming at co-equal appliances towards competition or production in every degree, on equal terms.

It is therefore as requisite to success in business to be a Bank-shareholder, as to have a counting-room or premises suitable for the prosecution of any business whatsoever.

Influenced by these causes, and acting upon the firm conviction that but a very small portion indeed of the vast trading community of this mighty empire, participates in the profits and advantages which banking is fitted and intended to convey, which every tradesman ought, and, as a shareholder would enjoy, the projectors of "THE REGENT AND COLONIAL BANK" would respectfully and confidently invite the attention of the public to the following Prospectus which, for suitability to every condition, and class of tradesmen, and insuring both safety and profit, merits universal approval.

I. It is proposed that there shall be established in London and the provinces, a new Joint Stock Banking Company, to be designated "THE REGENT AND COLONIAL BANKING CO.," having Branches or Agencies throughout the chief British Colonies.

II. That the Capital Stock thereof shall be Two Millions, Sterling; divided into shares of £100 each, as the present act directs.

III. That £20 Sterling per share of the Capital stock shall be called up, on allocation, and the remainder, as per act, previous to commencing business.

IV. That the Provisional Committee shall have power to add to their number if they shall see cause, and shall take on them the entire preliminary management, for which no Subscriber for shares shall be held in any way responsible until the company be regularly formed, and the shares allocated and accepted.

V. That the Company shall be held as formed so soon as half the Capital proposed shall have been subscribed, reserving power, at a future time, to extend the number of shares, at the market price.

VI. It shall be a fundamental rule that should 25 per cent. of the advanced Capital be lost, *that* circumstance (*ipso facto*) shall operate as a dissolution of the Company, and the Directors shall be forthwith bound to wind up the concern.

N.B.—Such a contingency is most unlikely from the following principles which are not innovations on Banking, but important improvements, as well as safe-guards.

VII. All depositors in this Bank from £10 and upwards shall have the option of credit upon liens of their deposits to the Bank in favour of any party they may choose to guarantee—their interest accruing and payable to *them* notwithstanding—and the Bank discount, retained from the proceeds given to the borrower, this in itself forming a large item of Bank profit, overlooked heretofore, which advances shall only be limited by the limit of deposit.

VIII. For the benefit and convenience of the *industrial classes*, it is proposed to attach to every Branch opened in connection with this Establishment, a *Savings Bank*, in which the preceding principle of depositors being empowered to guarantee loans; will form a prominent feature—a principle eminently calculated to promote the success and moral improvement of the masses.

IX. Progressive interest will be allowed on the balances of mercantile accounts, and no commission will be charged thereon.

X. Partners may operate to one-half the amount of their paid up capital, and in *special* cases to three-fourths, irrespective of other securities.

XI. The business of the Company will consist of Money Agency, embracing Deposit, Loan, and Exchange Banking; but no part of its funds shall be invested in Foreign Securities or Loans, except with the unanimous approval of the entire Board of Ordinary Directors.

XII. Shareholders eligible to the Directorship must be holders of 20 shares. The Metropolitan Board shall consist of 10 Ordinary and 10 Extraordinary Directors. In the former will vest the superintendence of the business, they shall appoint the Bank Officials, and elect a Rotatory Committee among themselves to meet daily, as councillors to the Officers of the Bank, in the ordinary affairs thereof. The Extraordinary Directors shall meet quarterly, or oftener if necessary, on requisition, by a quorum of 5 Ordinary Directors, to deliberate and decide on subjects laid before them.

XIII. Local Boards will be elected here and in the Colonial Branches, consisting simply of 6 Ordinary Directors, wherever as many holders of the Requisite Stock may reside, having similar powers as the parent Board, but to whom all their essential acts shall be referable for confirmation.

XIV. Three of the Directors shall retire annually, but be eligible for re-election. A General Meeting of the Directors and Shareholders shall be held annually to receive a report on the progress of the Company, to declare a Dividend, and to elect new Directors for the following year, in room of those retiring by rotation.

XV. These propositions shall be engrossed in the deed of Copartnery, a copy of which shall be forwarded to each Shareholder, and no transference of Stock shall be valid till such deed is executed.

FORM OF APPLICATION FOR SHARES.

SIR,

I beg to apply for Shares in the proposed REGENT AND
COLONIAL BANKING Co.

Your most obedient Servant,

Name,

Designation,

Place of Residence,

Name of Referee,

Place of Residence,

MEMORANDA.

The daily transactions of a Bank increase rather than diminish the source of accommodation, or the Capital of any Bank.

The difference between the interest allowed on Deposits, and the charge made for Loans, forms a great source of profit, especially Loans guaranteed by Depositors, which have not a shadow of risk, and are a new beneficial feature in Banking.

Some of the Scottish Joint-Stock Banks collect at a single one of their Country Branches, from two to three Millions sterling in deposits, and 2 per cent. (the usual difference between the interest allowed thereon, and the discount commonly charged by Banks) even on One Million, will amount to £20,000. A very considerable item of profit indeed.

Shareholders profit also by the use to themselves of $\frac{1}{2}$ or $\frac{3}{4}$ ths of their paid up Capital, on a revertible charge equivalent to no charge whatever, and by the remaining portion and the deposits being lent out to the public for their benefit. Besides, the Capital is not merely once lent, or at one appropriation at one time, for Bank credit is not so bounded, but is so chiefly, by the quality of the security offered; the Capital may therefore be lent over and over, for the same period, on operative accounts and fresh securities.

Exchange is so called, to designate the commission, for bills drawn on or from foreign countries, for bullion or prepaid money, at such a rate heretofore as the exigencies of each case would bear. With us it

is the opposite of Foreign Investments, they being effected here, and exchange should always be a fertile source of Bank profit, by a wise appointment of distant Agencies. Since steam communication now has enabled the commercial world to render this a sure source of gain, and collected bullion or produce may be to hand as soon as the drafts given for it can be presented for acceptance, and their course begun.

Our West India Colonies have suffered much of late years from the want of a just Banking system. The preoccupation of the ground is still to let, offering a source of lasting and immense benefit to such a Company as is now ideally projected.

Commission is a profitable branch of Banking business, very deceptive to those paying it, as frequently, a-half per cent. commission, equals and exceeds the discount, on short running bills.

Shareholders in Banks save all their own Bank charges, and pocket the charges paid by their competitors in trade who happen not to be Shareholders, and the risks of Banking Companies amount to nothing under a prudent management, having always three or four strings to their bended bow.

In 1848 the number of Shareholders in all the first 5 Banks in Scotland amounted only to 3775. Hence the imperative necessity for all persons availing themselves of a new opportunity, such as this Prospectus affords, of obtaining Bank Shares at their virgin price. So soon as a proportionate amount of Shares shall be subscribed here, the Provisional Committee will despatch an intelligent gentleman to the British Colonies, who will establish Branches or Agencies of this Bank wherever it may be deemed proper to do so, and thus conduce to consolidate the scattered interests of the British crown and nation.

Such a Bank as this deserves special consideration from, and a conjunction with, the Trustees of large Assurance Companys, being a new analagous and safe source of two-fold profit to them.

Application for shares to be addressed in writing, postage free, in the form already stated.

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